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Legend

Foreign Parent =

Parent =

Sub 1 =

Sub 2 =

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 =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country G =

Country H =

Country I =

Country J =

Country K =

Business A =

Business B =

Business C =

a =

b =

c =

d =

e =

Date 1 =

Sub 1
Business =

FSub 1
Business =

FSub 3
Business =

FSub 5 SAG
Business =

FSub 6
Business =

Dear _____ :

This letter is in response to your December 23, 2011 request for rulings on certain federal income tax consequences of a Proposed Transaction (defined below). The information submitted in that request and in subsequent correspondence is summarized below.

The rulings contained in this letter are based upon the facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the 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, this office has not verified any information pertaining to, and has made no determination regarding whether the Proposed Transaction: (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 earnings and profits of any of the distributing corporations, the controlled corporations, or both (see § 355(a)(1)(B) and § 1.355-2(d)); and (iii) is part of a plan (or series or related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest in any of the distributing corporations or the controlled corporations (see § 355(e) and § 1.355-7).

Facts

Parent is the common parent of a consolidated group of corporations (the "Parent Consolidated Group") and has numerous corporate and non-corporate, direct and indirect subsidiaries. Parent has a single class of common stock all of which is owned by Foreign Parent. Parent, through its direct and indirect subsidiaries, operates Business A, Business B, and Business C.

Parent owns all the outstanding stock of Sub 1, which owns all the outstanding stock of Sub 2. Sub 1 and Sub 2 are members of the Parent Consolidated Group. Sub 1 wholly owns FSub 1, a Country B corporation, FSub 2, a Country C entity that is treated as a disregarded entity for federal income tax purposes, FSub 3, a Country D company, FSub 4, a Country D company, FSub 5, a Country E company, FSub 6, a Country F company, FSub 7, a Country G company, FSub 8, a Country H company, FSub 9, a Country J company, and a% of the outstanding equity interest and b% of the beneficial interest in FSub 10, a Country I company. FSub 1 wholly owns FSub 11, a Country B corporation. FSub 4 wholly owns FSub 14, a Country D company. FSub 6 wholly owns

FSub 12, a Country I company, FSub 13, a Country K company that is treated as a disregarded entity for federal income tax purposes, and several other non-US entities that are not relevant to the Proposed Transaction.

Parent represents that it wishes to separate Business A from Business B for the following business purposes (collectively, the “Corporate Business Purposes”): (i) organize each business unit along geographic lines; (ii) allow for each business line to borrow on an independent, stand-alone basis; (iii) reduce managerial conflict and competition over internal resources; and (iv) create distinct financial reporting chains to separate the financial results of the independent business lines.

Proposed Transaction

To achieve the Corporate Business Purposes, Parent has proposed and partially completed the following steps (the “Proposed Transaction”).

(i) FSub 2 filed an election to be treated as an association classified as a corporation for federal income tax purposes on Date 1 (“Conversion 1,” and the date that the election is effective the “Conversion 1 Date”).

(ii) Foreign Parent contributes approximately \$c to Parent. Immediately thereafter, Parent contributes \$c to Sub 1 in exchange for newly issued Sub 1 preferred stock (together, the “Cash Contribution”). Sub 1 transfers \$c to Foreign Parent in full repayment on an outstanding indebtedness, unrelated to the Proposed Transaction, due to Foreign Parent.

(iii) Sub 2 contributes cash to FSub 9 in exchange for approximately d percent of the outstanding equity interests of FSub 9 (“Contribution 1”). Sub 2 will comply with the reporting requirements of § 6038B and § 1.6038B-1(b)(3).

(iv) Sub 1 distributes all of the outstanding equity interests of FSub 3 to Parent (“Distribution 1”).

(v) Sub 1 loans cash to FSub 1 (the “FSub 1 Loan”) to permit FSub 1 to repay an existing loan between its business divisions.

(vi) FSub 1 contributes the assets and liabilities associated with Business A located in Country B to FSub 11 (“Contribution 2”).

(vii) FSub 1 distributes all of the outstanding equity interests of FSub 11 to Sub 1 (“Distribution 2”).

(viii) Sub 1 contributes all of the FSub 11 outstanding equity interests and assets and liabilities associated with Business A in the United States to Sub 2 (“Contribution 3”).

- (ix) Sub 1 distributes all of the outstanding stock of Sub 2 to Parent (“Distribution 3”).
- (x) Sub 1 and Sub 2 will execute a promissory note to permit Sub 2 to fund working capital and satisfy liquidity needs (the “Promissory Note”).
- (xi) FSub 4 files an election to be treated as an entity that is disregarded from its owner for federal income tax purposes (“Conversion 2,” and the date that the election is effective the “Conversion 2 Date”).
- (xii) Sub 1 contributes to FSub 6 all of the outstanding equity interests in FSub 2, FSub 4, FSub 7, and FSub 8, and its a percent equity interest and b percent beneficial interest in FSub 10 (“Contribution 4”).
- (xiii) Sub 1 distributes all of the outstanding equity interests in FSub 6 to Parent (“Distribution 4”).
- (xiv) FSub 6 contributes to FSub 12 its a percent equity interest and b percent beneficial interest in FSub 10 that it received in Contribution 4 (“Contribution 5”).
- (xv) Sub 1 distributes all of the outstanding equity interests of FSub 5 to Parent (“Distribution 5”).
- (xvi) FSub 13 files an election to be classified as an association classified as a corporation for federal income tax purposes (“Conversion 3”).
- (xvii) FSub 6 distributes all of the outstanding equity interests in FSub 13 to Parent (“Distribution 6”).
- (xviii) Parent contributes more than e percent of the outstanding equity interests in FSub 13 to Sub 2 (“Contribution 6”).

Representations

Proposed Transaction

The taxpayer makes the following general representation regarding the Proposed Transaction:

- (a) With respect to any existing gain recognition agreement (“GRA”) previously entered into by Parent, as the parent of the Parent Consolidated Group, in connection with a prior transfer of stock or securities, or any GRA to be entered into in connection with the Proposed Transaction, Parent will, in accordance with §§ 1.367(a)-8(k) and 1.367(a)-8(c)(5), enter into a new GRA (i) identifying all triggering events and exceptions thereto resulting from the Proposed Transaction, (ii) designating a successor transferor corporation, transferee corporation, and/or transferred corporation, as applicable, and (iii) complying with all other requirements for GRAs under § 1.367(a)-8.

Additionally, Parent will comply with the notification requirements of § 1.367(a)-8 with respect to any such GRA.

Conversion 1

The taxpayer makes the following representations regarding Conversion 1:

(b) No stock was issued for services rendered to or for the benefit of FSub 2 in connection with Conversion 1, and no stock was issued for indebtedness of FSub 2 that was not evidenced by a security or for interest on indebtedness of the transferee which accrued on or after the beginning of the holding period of the transferor for the debt.

(c) Sub 1 did not retain any significant power, right or continuing interest within the meaning of § 1235 in the franchises, trademarks or trade names deemed transferred.

(d) Conversion 1 was not the result of the solicitation by a promoter, broker, or investment house.

(e) Sub 1 did not retain any rights in the property deemed transferred to FSub 2.

(f) The value of the FSub 2 stock deemed received in exchange for accounts receivable was equal to the net value of the accounts transferred, i.e., the face amount of the accounts receivable previously included in income less the amount of the reserve for bad debts.

(g) The adjusted basis and the fair market value of the assets deemed transferred by Sub 1 to FSub 2 was, in each instance, equal to or exceeded the sum of the liabilities deemed assumed (within the meaning of § 357(d)) by FSub 2 plus any liabilities to which the transferred assets were subject.

(h) The liabilities of Sub 1 deemed assumed (within the meaning of §357(d)) by FSub 2 were incurred in the ordinary course of its business and were associated with the assets to be transferred.

(i) There is no indebtedness between FSub 2 and Sub 1, and there was no indebtedness created in favor of Sub 1 as a result of Conversion 1.

(j) The deemed transfers and exchanges pursuant to Conversion 1 occurred under a plan agreed upon before the transaction in which the rights of the parties were defined.

(k) All exchanges pursuant to Conversion 1 occurred on approximately the same date.

(l) There is no plan or intention on the part of FSub 2 to redeem or otherwise reacquire any stock or indebtedness issued in Conversion 1.

(m) Taking into account any issuance of additional shares of FSub 2 stock; any issuance of stock for services; the exercise of any FSub 2 stock rights, warrants or subscriptions; a public offering of FSub 2 stock; and the sale, exchange, transfer by gift or other disposition of any of the stock of FSub 2 to be received in the exchange, Sub 1 was, and remains, in “control” of FSub 2 within the meaning of § 368(c).

(n) Sub 1 was deemed to receive stock, securities or other property approximately equal to the fair market value of the property deemed transferred to FSub 2.

(o) FSub 2 will remain in existence and retain and use the property transferred to it in a trade or business.

(p) There is no plan or intention by FSub 2 to dispose of the transferred property other than in the normal course of business operations.

(q) Each of the parties to Conversion 1 paid its own expenses, if any, incurred in connection with Conversion 1.

(r) As of the date of Conversion 1, FSub 2 was not an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

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

(t) FSub 2 is not a “personal service corporation” within the meaning of § 269A.

(u) The aggregate fair market value of the assets deemed transferred by Sub 1 exceeded the sum of (a) the amount of liabilities to be deemed assumed (as determined under § 357(d)) by FSub 2 in connection with Conversion 1, (b) the amount of liabilities owed to FSub 2 by Sub 1 that will be discharged or extinguished in connection with Conversion 1, and (c) the amount of any money or fair market value of any other property (other than stock permitted to be received under § 351(a) without the recognition of gain) deemed received by Sub 1 in connection with Conversion 1. The fair market value of the assets of FSub 2 will exceed the amount of its liabilities immediately after Conversion 1.

(v) As of the Conversion 1 Date, FSub 2 was eligible to elect to be treated as a corporation for federal income tax purposes under § 301.7701-3 and filed a valid election to be treated as a corporation effective on Date 1.

Distribution 1

The taxpayer makes the following representations regarding Distribution 1:

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

(x) The five years of financial information submitted on behalf of Sub 1 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(y) The five years of financial information submitted on behalf of FSub 3 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(z) Following the transaction, Sub 1 and FSub 3 will each continue the active conduct of its business, independently and with its separate employees.

(aa) Distribution 1 is carried out for the Corporate Business Purposes. Distribution 1 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(bb) Distribution 1 is not used principally as a device for the distribution of the earnings and profits of Sub 1 or FSub 3 or both.

(cc) No intercorporate debt will exist between Sub 1 and FSub 3 at the time of, or subsequent to, Distribution 1.

(dd) Immediately before Distribution 1, 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 publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597).

(ee) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 1 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Sub 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.

(ff) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 3 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 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 1 or (ii) attributable to distributions on Sub 1 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 1.

(gg) Payments made in connection with all continuing transactions, if any, between Sub 1 and FSub 3 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(hh) 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 Sub 1 or FSub 3 (including any predecessor or successor of any such corporation).

(ii) Immediately after Distribution 1, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of Sub 1 or FSub 3, who did not hold such an interest immediately before Distribution 1, or (ii) neither Sub 1 nor FSub 3 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(jj) Neither the Sub 1 Business nor control of an entity conducting the Sub 1 Business will have been acquired during the five-year period ending on the date of Distribution 1 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date Distribution 1, Sub 1 will have been the principal owner of the goodwill and significant assets of the Sub 1 Business and will continue to be the principal owner of its share of the Sub 1 Business following Distribution 1.

(kk) Neither the FSub 3 Business nor control of an entity conducting the FSub 3 Business will have been acquired during the five-year period ending on the date of Distribution 1 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 1, FSub 3 will have been the principal owner of the goodwill and significant assets of the FSub 3 Business and will continue to be the principal owner of its share of the FSub 3 Business following Distribution 1.

(ll) There is no regulatory, legal, contractual, or economic compulsion or requirement that Parent make part or all of the Cash Contribution to Sub 1 as a condition to Distribution 1.

Contribution 2 and Distribution 2

The taxpayer makes the following representations regarding Contribution 2 and the Distribution 2:

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

(nn) The five years of financial information submitted on behalf of FSub 1 is representative of the corporation's present operations, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(oo) The five years of financial information submitted on behalf of the business contributed to FSub 11 is representative of the business's present operation, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(pp) Following the transaction, FSub 1 and FSub 11 will each continue the active conduct of its business, independently and with its separate employees.

(qq) Distribution 2 is carried out for the Corporate Business Purposes. Distribution 2 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(rr) Distribution 2 is not used principally as a device for the distribution of the earnings and profits of FSub 1 or FSub 11 or both.

(ss) The total adjusted bases and the fair market value of the assets transferred to FSub 11 in Contribution 2 will equal or exceed the sum of (i) the total liabilities assumed (within the meaning of 357(d)) by FSub 11, and (ii) the total amount of any money and the fair market value of any other property (within the meaning of § 361(b)) received by FSub 1 and transferred to its creditors in connection with Contribution 2.

(tt) The liabilities assumed (within the meaning of § 357(d)) by FSub 11 in Contribution 2 were incurred in the ordinary course of business and are associated with the assets being transferred.

(uu) The fair market value of the assets of FSub 11 will exceed the amount of its liabilities immediately after the exchange.

(vv) The aggregate fair market value of the assets transferred to FSub 11 in Contribution 2 will equal or exceed the aggregate adjusted basis of these assets.

(ww) No intercorporate debt will exist between FSub 1 and FSub 11 at the time of, or subsequent to, Distribution 2.

(xx) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 1 stock entitled to vote or 50 percent or more of the total value of shares of all classes of FSub 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 2.

(yy) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 11 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 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 2 or (ii) attributable to distributions on FSub 1 stock or securities that were acquired by

purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 2.

(zz) Payments made in connection with all continuing transactions, if any, between FSub 1 and FSub 11 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

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

(bbb) 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 FSub 1 or FSub 11 (including any predecessor or successor of any such corporation).

(ccc) Immediately after Distribution 2, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of FSub 1 or FSub 11, who did not hold such an interest immediately before the distribution, or (ii) neither FSub 1 nor FSub 11 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(ddd) Neither the FSub 1 Business nor control of an entity conducting the FSub 1 Business will have been acquired during the five-year period ending on the date of Distribution 2 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 2, FSub 1 will have been the principal owner of the goodwill and significant assets of the FSub 1 Business and will continue to be the principal owner of its share of the FSub 1 Business following Distribution 2.

(eee) Neither the business contributed to FSub 11 in Contribution 2 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of Distribution 2 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 2, FSub 1 (or an entity controlled by FSub 1) will have been the principal owner of the goodwill and significant assets related to the business contributed to FSub 11 in Contribution 2 and FSub 11 will be the principal owner of this business following Distribution 2.

(fff) There is no regulatory, legal, contractual, or economic compulsion or requirement that the FSub 1 Loan is made as a condition of Distribution 2.

(ggg) FSub 1 is, and both FSub 1 and FSub 11 will be, a controlled foreign corporation, within the meaning of § 957(a), immediately before and after Contribution 2 and Distribution 2.

(hhh) At all times before and immediately after Contribution 2 and Distribution 2, neither FSub 1 nor FSub 11 has been or will be a passive foreign investment company within the meaning of § 1297(a).

(iii) FSub1's transfer of assets to FSub 11 in actual or constructive exchange for FSub 11 stock in Contribution 2 is not an exchange described in §§1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i) or 1.367(b)-4(b)(3).

(jjj) The notice requirements of § 1.367(b)-1(c) will be satisfied for the Contribution 2 and Distribution 2.

(kkk) Sub 1 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b) with respect to FSub 1 immediately before Distribution 2, and with respect to each of FSub 1 and FSub 11, immediately after Distribution 2.

Contribution 3 and Distribution 3

The taxpayer makes the following representations regarding Contribution 3 and Distribution 3:

(III) Any indebtedness owed by Sub 2 (or any entity controlled directly or indirectly by Sub 2) to Sub 1 (or any entity controlled directly or indirectly by Sub 1) after the Distribution 3 will not constitute stock or securities.

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

(nnn) The five years of financial information submitted on behalf of Sub 1 is representative of the corporation's present operation, and with regard to such corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(ooo) The five years of financial information submitted on behalf of the business contributed to Sub 2 is representative of the business's present operation, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(ppp) Following the transaction, Sub 1 and Sub 2 will each continue the active conduct of its business, independently and with its separate employees.

(qqq) Distribution 3 is carried out for the Corporate Business Purposes. Distribution 3 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(rrr) Distribution 3 is not used principally as a device for the distribution of the earnings and profits of Sub 1 or Sub 2 or both.

(sss) The total adjusted bases and the fair market value of the assets transferred to Sub 2 in Contribution 3 will equal or exceed the sum of (i) the total liabilities assumed (within the meaning of § 357(d)) by Sub 2, and (ii) the total amount of any money and the fair market value of any other property (within the meaning of

§ 361(b)) received by Sub 1 and transferred to its creditors in connection with the reorganization.

(ttt) The liabilities assumed (within the meaning of § 357(d)) by Sub 2 in Contribution 3 were incurred in the ordinary course of business and are associated with the assets being transferred.

(uuu) The fair market value of the assets of Sub 2 will exceed the amount of its liabilities immediately after the exchange.

(vvv) The aggregate fair market value of the assets transferred to Sub 2 in Contribution 3 will equal or exceed the aggregate adjusted basis of these assets.

(www) No intercorporate debt will exist between Sub 1 (or any entity controlled directly or indirectly by Sub 1) and Sub 2 (or any entity controlled directly or indirectly by Sub 2) at the time of, or subsequent to, Distribution 3, other than the Promissory Note, or other obligations that have arisen, or will arise, in the ordinary course of business.

(xxx) 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 publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597). Further, any excess loss account Sub 1 may have in the stock of Sub 2 will be included in income immediately before Distribution 3 to the extent required by the regulations (see § 1.1502-19).

(yyy) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 1 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Sub 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 3.

(zzz) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 2 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Sub 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 Sub 1 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 3.

(aaaa) Payments made in connection with all continuing transactions, if any, between Sub 1 and Sub 2 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

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

(cccc) 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 will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Sub 1 or Sub 2 (including any predecessor or successor of any such corporation).

(dddd) Immediately after Distribution 3, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of Sub 1 or Sub 2, who did not hold such an interest immediately before the Distribution 3, or neither Sub 1 nor Sub 2 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(eeee) Neither the Sub 1 Business nor control of an entity conducting the Sub 1 Business will have been acquired during the five-year period ending on the date of Distribution 3 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 3, Sub 1 will have been the principal owner of the goodwill and significant assets of the Sub 1 Business and will continue to be the principal owner of its share of the Sub 1 Business following Distribution 3. Sub 2 will be the principal owner of the goodwill and significant assets of its share of the Sub 1 Business following Distribution 3.

(ffff) Neither the business contributed to Sub 2 in Contribution 3 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of Distribution 3 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 3, Sub 1 (or an entity controlled by Sub 1) will have been the principal owner of the goodwill and significant assets related to the business contributed to Sub 2 in Contribution 3 and Sub 2 will be the principal owner of this business following Distribution 3.

(gggg) There is no regulatory, legal, contractual, or economic compulsion or requirement that Parent make part or all of the Cash Contribution to Sub 1 as a condition to Distribution 3.

Conversion 2

The taxpayer makes the following representations regarding Conversion 2:

(hhhh) Sub 1, on the Conversion 2 Date, will directly own all of FSub 4's single class of stock. As of this date, FSub 4 has no (and will have no) outstanding warrants, options, convertible securities, or other obligations that may be classified as equity for Federal income tax purposes.

(iiii) No shares of FSub 4's stock have been redeemed during the 3 years preceding the Conversion 2 Date.

(jjjj) All distributions deemed to occur from FSub 4 to Sub 1 pursuant to the Conversion 2 will occur on the Conversion 2 Date.

(kkkk) On the Conversion 2 Date, for federal income tax purposes, FSub 4 will cease to be a going concern and it will cease to conduct any activities as a corporation.

(llll) FSub 4 has not acquired assets in any nontaxable transaction at any time, except for acquisitions occurring more than 3 years prior to the Conversion 2 Date.

(mmmm) Except as described in Contribution 4, no assets of FSub 4 have been or will be disposed of by either Sub 1 or FSub 4, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the Conversion 2 Date.

(nnnn) Except as described in Contribution 4, the deemed liquidation of FSub 4 as a result of Conversion 2 will not be preceded or followed by the reincorporation in, or transfer or sale to, a recipient corporation of any of the businesses or assets of FSub 4, if persons holding, directly or indirectly, more than 20 percent in value of the stock in recipient. For purposes of this representation, ownership will be determined by application of the constructive ownership rule of § 318(a) as modified by § 304(c)(3).

(oooo) Prior to the Conversion 2 Date, no assets of FSub 4 will have been distributed in kind, transferred, or sold to Sub 1, except for (i) transactions occurring in the ordinary course of business and (ii) transactions occurring more than 3 years prior to the Conversion 2 Date.

(pppp) The fair market value of the assets of FSub 4 exceeded its liabilities immediately prior to the Conversion 2 Date.

(qqqq) Immediately prior to the Conversion 2 Date, there was no intercorporate debt existing between Sub 1 and FSub 4 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than 3 years prior to the Conversion 2 Date.

(rrrr) Sub 1 is not an organization that is exempt from federal income tax under § 501 or any other provision of the Code.

(ssss) All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, Conversion 2 have been fully disclosed.

(tttt) FSub 4 will report all earned income represented by assets that will be distributed to its shareholders, such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

Contribution 4 and Distribution 4

The taxpayer makes the following representations regarding Contribution 4 and Distribution 4:

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

(vvvv) The five years of financial information submitted on behalf of Sub 1 is representative of the corporation's present operation, and with regard to Sub 1, there have been no substantial operational changes since the date of the last financial statements submitted.

(wwww) The five years of financial information submitted on behalf of FSub 6 is representative of the corporation's present operation, and with regard to such operation, there have been no substantial operational changes since the date of the last financial statements submitted.

(xxxx) Neither the Sub 1 Business nor control of an entity conducting the Sub 1 Business will have been acquired during the five-year period ending on the date of Distribution 4 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 4, Sub 1 will have been the principal owner of the goodwill and significant assets of the Sub 1 Business and will continue to be the principal owner of its share of the Sub 1 Business following Distribution 4.

(yyyy) Neither the FSub 6 Business nor control of an entity conducting the FSub 6 Business will have been acquired during the five-year period ending on the date of Distribution 4 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 4, FSub 6 will have been the principal owner of the goodwill and significant assets of the FSub 6 Business and will continue to be the principal owner of its share of the FSub 6 Business following Distribution 4.

(zzzz) Following the transaction, Sub 1 and FSub 6 will each continue the active conduct of its business, independently and with its separate employees.

(aaaa) Distribution 4 is carried out for the Corporate Business Purposes. Distribution 4 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(bbbb) Distribution 4 is not used principally as a device for the distribution of the earnings and profits of Sub 1 or FSub 6 or both.

(cccc) The total adjusted bases and the fair market value of the assets transferred to FSub 6 by Sub 1 in Contribution 4 will equal or exceed the sum of (i) the total liabilities assumed (within the meaning of § 357(d)) by FSub 6, and (ii) the total amount of any money and the fair market value of any other property (within the meaning of § 361(b)) received by Sub 1 and transferred to its creditors in connection with the reorganization.

(dddd) The liabilities assumed (as determined under § 357(d)) by FSub 6 in Contribution 4 were incurred in the ordinary course of business and are associated with the assets being transferred.

(eeeeee) The fair market value of the assets of FSub 6 will exceed the amount of its liabilities immediately after the exchange.

(fffff) The aggregate fair market value of the assets transferred to FSub 6 in Contribution 4 will equal or exceed the aggregate adjusted basis of these assets.

(ggggg) No intercorporate debt will exist between Sub 1 and FSub 6 at the time of, or subsequent to, Distribution 4.

(hhhhh) 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 publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597).

(iiii) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 1 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Sub 1 stock that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution 4.

(jjjjj) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 6 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 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 4 or (ii) attributable to distributions on Sub 1 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4.

(kkkkk) Payments made in connection with all continuing transactions, if any, between Sub 1 and FSub 6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

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

(mmmmm) 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 will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Sub 1 or FSub 6 (including any predecessor or successor of any such corporation).

(nnnnn) Immediately after Distribution 4, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of Sub 1 or FSub 6, who did not hold such an interest immediately before the distribution, or (ii) neither Sub 1 nor FSub 6 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(ooooo) There is no regulatory, legal, contractual, or economic compulsion or requirement that Parent make part or all of the capital contribution to Sub 1 as a condition to Distribution 4.

Contribution 5

The taxpayer makes the following representations regarding Contribution 5:

(ppppp) (i) No stock will be issued for services rendered to or for the benefit of FSub 12 in connection with the Contribution 5, and (ii) no stock will be issued for indebtedness of FSub 12 that is not evidenced by a security or for interest on indebtedness of FSub 12 which accrued on or after the beginning of the holding period of FSub 6 for the debt.

(qqqqq) Contribution 5 is not the result of the solicitation by a promoter, broker, or investment house.

(rrrrr) FSub 6 will not retain any rights in the property transferred to FSub 12.

(sssss) The value of the FSub 12 stock received in exchange for accounts receivable will be equal to the net value of the accounts transferred, i.e., the face amount of the accounts receivable previously included in income less the amount of the reserve for bad debts.

(ttttt) Any debt related to the stock being transferred that is being assumed (or to which such stock is subject) was incurred to acquire such stock and was incurred when such stock was acquired, and FSub 6 is transferring all the stock for which the acquisition indebtedness being assumed (or to which such stock is subject) was incurred.

(uuuuu) The adjusted basis and the fair market value of the assets to be transferred by FSub 6 will, in each instance, be equal to or exceed the sum of the liabilities, if any, to be assumed (within the meaning of § 357(d)) by FSub 12 plus any liabilities to which the transferred assets are subject.

(vvvvv) The liabilities of FSub 6 to be assumed (within the meaning of § 357(d)) by FSub 12, if any, were incurred in the ordinary course of its business and are associated with the assets to be transferred.

(wwwww) There is no indebtedness between FSub 12 and FSub 6, and there will be no indebtedness created in favor of FSub 6 as a result of the transaction.

(xxxxx) The transfers and exchanges pursuant to Contribution 5 will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.

(yyyyy) All exchanges pursuant to Contribution 5 will occur on approximately the same date.

(zzzzz) There is no plan or intention on the part of FSub 12 to redeem or otherwise reacquire any stock or indebtedness to be issued in Contribution 5.

(aaaaaa) Taking into account any issuance of additional shares of FSub 12 stock; any issuance of stock for services; the exercise of any FSub 12 stock rights, warrants or subscriptions; a public offering of FSub 12 stock; and the sale, exchange, transfer by gift or other disposition of any of the stock of FSub 12 to be received in the exchange, FSub 6 will be in “control” of FSub 12 within the meaning of § 368(c).

(bbbbbb) FSub 6 will receive stock, securities or other property approximately equal to the fair market value of the property transferred to FSub 12.

(ccccc) FSub 12 will remain in existence and retain and use the property transferred to it in a trade or business.

(dddddd) There is no plan or intention by FSub 12 to dispose of the transferred property other than in the normal course of business operations.

(eeeeee) Each of the parties to Contribution 5 will pay its own expenses, if any, incurred in connection with Contribution 5.

(ffffff) FSub 12 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(gggggg) FSub 6 is not under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)), and the stock or securities received in the exchange will not be used to satisfy the indebtedness of such debtor.

(hhhhh) FSub 12 will not be a “personal service corporation” within the meaning of § 269A.

(iiiiii) The aggregate fair market value of the assets transferred by FSub 6 will exceed the sum of (a) the amount of liabilities to be assumed (as determined under § 357(d)) by FSub 12 in connection with Contribution 5, (b) the amount of liabilities owed to FSub 12 by FSub 6 that will be discharged or extinguished in connection with the exchange, and (c) the amount of any money or fair market value of any other property (other than stock permitted to be received under § 351(a) without the recognition of gain) to be received by FSub 6 in connection with the exchange. The fair market value of the assets of FSub 12 will exceed the amount of its liabilities immediately after the contribution.

(jjjjj) FSub 10 will be a controlled foreign corporation within the meaning of § 957(a), immediately before and after Contribution 5.

(kkkkk) The notice requirements of § 1.367(b)-1(c) will be satisfied for Contribution 5.

Distribution 5

The taxpayer makes the following representations regarding Distribution 5:

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

(mmmmmm) The five years of financial information submitted on behalf of Sub 1 is representative of the corporation's present operation, and with regard to Sub 1, there have been no substantial operational changes since the date of the last financial statements submitted.

(nnnnnn) The five years of financial information submitted on behalf of the FSub 5 separate affiliated group ("SAG") is representative of the FSub 5 SAG's present business operation, and with regard to such FSub 5 SAG, there have been no substantial operational changes since the date of the last financial statements submitted.

(oooooo) FSub 5 will treat all members of its SAG (as defined in § 355(b)(3)(B)) as one corporation in determining whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(pppppp) Neither the Sub 1 Business nor control of an entity conducting the Sub 1 Business will have been acquired during the five-year period ending on the date of Distribution 5 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 5, Sub 1 will have been the principal owner of the goodwill and significant assets of the Sub 1 Business and will continue to be the principal owner of its share of the Sub 1 Business following Distribution 5.

(qqqqqq) Neither the FSub 5 SAG Business nor control of an entity conducting the FSub 5 SAG Business will have been acquired during the five-year period ending on the date of Distribution 5 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 5, the FSub 5 SAG will have been the principal owner of the goodwill and significant assets of the FSub 5 SAG Business and will continue to be the principal owner of its share of the FSub 5 SAG Business following Distribution 5.

(rrrrrr) Following the transaction, Sub 1 and FSub 5 will each continue the active conduct of its business, independently and with its separate employees.

(ssssss) Distribution 5 is carried out for the Corporate Business Purposes. Distribution 5 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(tttttt) Distribution 5 is not used principally as a device for the distribution of the earnings and profits of Sub 1 or FSub 5 or both.

(uuuuuu) No intercorporate debt will exist between Sub 1 and FSub 5 at the time of, or subsequent to, the distribution of the FSub 5 stock.

(vvvvvv) Immediately before Distribution 5, 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 publication of T.D. 8597, 1995-32 I.R.B. 6, and as currently in effect; § 1.1502-13 as published by T.D. 8597).

(wwwwww) For purposes of § 355(d), immediately after Distribution 5, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 1 stock entitled to vote or 50 percent or more of the total value of shares of all classes of Sub 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 5.

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

(yyyyyy) Payments made in connection with all continuing transactions, if any, between Sub 1 and FSub 5 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(zzzzzz) 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 will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Sub 1 or FSub 5 (including any predecessor or successor of any such corporation).

(aaaaaaa) Immediately after Distribution 5, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of Sub 1 or FSub 5, who did not hold such an interest immediately before Distribution 5, or (ii) neither Sub 1 nor FSub 5 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(bbbbbbb) There is no regulatory, legal, contractual, or economic compulsion or requirement that Parent make part or all of the Cash Contribution to Sub 1 as a condition to Distribution 5.

Conversion 3 and Distribution 6

The taxpayer makes the following representations regarding Conversion 3 and Distribution 6:

(ccccccc) No part of the consideration to be distributed by FSub 6 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of the corporation.

(ddddddd) The five years of financial information submitted on behalf of FSub 6 is representative of the corporation's present operation, and with regard to such

corporation, there have been no substantial operational changes since the date of the last financial statements submitted.

(eeeeeee) The five years of financial information submitted on behalf of the business deemed contributed to FSub 13 is representative of the business' present operation, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.

(ffffff) Neither the FSub 6 Business nor control of an entity conducting the FSub 6 Business will have been acquired during the five-year period ending on the date of Distribution 6 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 6, FSub 6 will have been the principal owner of the goodwill and significant assets of the FSub 6 Business and will continue to be the principal owner of its share of the FSub 6 Business following Distribution 6.

(ggggggg) Neither the FSub 13 business deemed contributed in Conversion 3 nor control of an entity conducting that business will have been acquired during the five-year period ending on the date of Distribution 6 in a transaction in which gain or loss was recognized (or treated as recognized under proposed § 1.355-3) in whole or in part. Throughout the five-year period ending on the date of Distribution 6, FSub 6 (through its ownership of FSub 13) will have been the principal owner of the goodwill and significant assets of the FSub 13 business deemed contributed in Conversion 3 and will continue to be the principal owner of its share of that business following Distribution 6.

(hhhhhhh) Following the transaction, FSub 6 and FSub 13 will each continue the active conduct of its business, independently and with its separate employees.

(iiiiiii) Distribution 6 is carried out for the Corporate Business Purposes. Distribution 6 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(jjjjjjj) Distribution 6 is not used principally as a device for the distribution of the earnings and profits of FSub 6 or FSub 13 or both.

(kkkkkkk) The total adjusted bases and the fair market value of the assets deemed transferred to FSub 13 by FSub 6 equals or exceeds the sum of (i) the total liabilities deemed assumed (as determined under § 357(d)) by FSub 13; and (ii) the total amount of any money and the fair market value of any other property (within the meaning of § 361(b)) deemed received by FSub 6 and transferred to its creditors in connection with the reorganization.

(lllllll) The liabilities deemed assumed (within the meaning of § 357(d)) by FSub 13 in Conversion 3 were incurred in the ordinary course of business and are associated with the assets deemed transferred.

(mmmmmmm) The fair market value of the assets of FSub 13 will exceed the amount of its liabilities immediately after Conversion 3.

(nnnnnnn) The aggregate fair market value of the assets deemed transferred to FSub 13 in Conversion 3 will equal or exceed the aggregate adjusted basis of these assets.

(ooooooo) No intercorporate debt will exist between FSub 6 and FSub 13 at the time of, or subsequent to, Distribution 6.

(ppppppp) For purposes of § 355(d), immediately after Distribution 6, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 6 stock entitled to vote or 50 percent or more of the total value of shares of all classes of FSub 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.

(qqqqqqq) For purposes of § 355(d), immediately after Distribution 6, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of FSub 13 stock entitled to vote, or 50 percent or more of the total value of shares of all classes of FSub 13 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 FSub 6 stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 6.

(rrrrrrr) Payments made in connection with all continuing transactions, if any, between FSub 6 and FSub 13 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

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

(ttttttt) 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 will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in FSub 6 or FSub 13 (including any predecessor or successor of any such corporation).

(uuuuuuu) Immediately after Distribution 6, either (i) no person will hold a 50-percent or greater interest (within the meaning of § 355(g)(3)) in the stock of FSub 6 or FSub 13, who did not hold such an interest immediately before the distribution, or (ii) neither FSub 6 nor FSub 13 will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(vvvvvvv) As of the date Conversion 3, FSub 13 will be an entity eligible to elect to be treated as a corporation for U.S. tax purposes under § 301.7701-3 and will file a valid election to be treated as a corporation effective on the date of Conversion 3.

(wwwwwww) FSub 6 is, and both FSub 6 and FSub 13 will be, controlled foreign corporations, within the meaning of § 957(a), immediately before and after Conversion 3 and Distribution 6.

(xxxxxxx) At all times before and immediately after Conversion 3 and Distribution 6, neither FSub 6 nor FSub 13 has been or will be a passive foreign investment company within the meaning of § 1297(a).

(yyyyyyy) FSub 6's deemed transfer of assets to FSub 13 in actual or constructive exchange for FSub 13 stock in Conversion 3 is not an exchange described in §§1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i) or 1.367(b)-4(b)(3).

(zzzzzzz) The notice requirements of § 1.367(b)-1(c) will be satisfied for Conversion 3 and Distribution 6.

(aaaaaaaa) Parent will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b) with respect to FSub 6 immediately before Distribution 6, and with respect to each of FSub 6 and FSub 13, immediately after Distribution 6.

Contribution 6

The taxpayer makes the following representations regarding Contribution 6:

(bbbbbbbb) (i) No stock will be issued for services rendered to or for the benefit of Sub 2 in connection with Contribution 6, and (ii) no stock will be issued for indebtedness of Sub 2 that is not evidenced by a security or for interest on indebtedness of Sub 2 which accrued on or after the beginning of the holding period of Parent for the debt.

(ccccccc) Contribution 6 is not the result of the solicitation by a promoter, broker, or investment house.

(ddddddd) Parent will not retain any rights in the property transferred to Sub 2.

(eeeeeee) The value of the Sub 2 stock received in exchange for accounts receivable will be equal to the net value of the accounts transferred, i.e., the face amount of the accounts receivable previously included in income less the amount of the reserve for bad debts.

(ffffff) Any debt related to the stock being transferred that is being assumed (or to which such stock is subject) was incurred to acquire such stock and was incurred when such stock was acquired, and Parent is transferring all the stock for which the acquisition indebtedness being assumed (or to which such stock is subject) was incurred.

(ggggggg) The adjusted basis and the fair market value of the assets to be transferred by Parent will, in each instance, be equal to or exceed the sum of the liabilities to be assumed (within the meaning of § 357(d)) by Sub 2, if any, plus any liabilities to which the transferred assets are subject.

(hhhhhhh) The liabilities of Parent to be assumed (within the meaning of § 357(d)) by Sub 2, if any, were incurred in the ordinary course of its business and are associated with the assets to be transferred.

(iiiiiii) There is no indebtedness between Sub 2 and Parent, and there will be no indebtedness created in favor of Parent as a result of the transaction.

(jjjjjjj) The transfers and exchanges pursuant to Contribution 6 will occur under a plan agreed upon before the transaction in which the rights of the parties are defined.

(kkkkkkkk) All exchanges pursuant to Contribution 6 will occur on approximately the same date.

(lllllll) There is no plan or intention on the part of Sub 2 to redeem or otherwise reacquire any stock or indebtedness to be issued in Contribution 6.

(mmmmmmm) Taking into account any issuance of additional shares of Sub 2 stock; any issuance of stock for services; the exercise of any Sub 2 stock rights, warrants or subscriptions; a public offering of Sub 2 stock; and the sale, exchange, transfer by gift or other disposition of any of the stock of Sub 2 to be received in the exchange, Parent will be in "control" of Sub 2 within the meaning of § 368(c).

(nnnnnnn) Parent will receive stock, securities or other property approximately equal to the fair market value of the property transferred to Sub 2.

(oooooooo) Sub 2 will remain in existence and retain and use the property transferred to it in a trade or business.

(pppppppp) There is no plan or intention by Sub 2 to dispose of the transferred property other than in the normal course of business operations.

(qqqqqqqq) Each of the parties to Contribution 6 will pay its own expenses, if any, incurred in connection with Contribution 6.

(rrrrrrrr) Sub 2 will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

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

(ttttttt) Sub 2 will not be a "personal service corporation" within the meaning of § 269A.

(uuuuuuuu) The aggregate fair market value of the assets transferred by Parent will exceed the sum of (a) the amount of liabilities to be assumed (as determined under § 357(d)) by Sub 2 in connection with the contributions, (b) the amount of liabilities owed to Sub 2 by Parent that will be discharged or extinguished in connection with the exchange, and (c) the amount of any money or fair market value of any other property (other than stock permitted to be received under § 351(a) without the recognition of gain) to be received by Parent in connection with the exchange. The fair market value of the assets of Sub 2 will exceed the amount of its liabilities immediately after the contributions.

Rulings

Contribution to Controlled Subsidiary Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows with respect to Conversion 1, Contribution 5, and Contribution 6 (together, the “Controlled Subsidiary Contributions”). Transferor Corporation refers to the corporation that will transfer (or will be deemed to transfer) the assets and liabilities in each of the Controlled Subsidiary Contributions. Transferee Corporation refers to the corporation that will receive (or will be deemed to receive) the assets and assume (or will be deemed to assume) the liabilities in each of the Controlled Subsidiary Contributions.

(1) No gain or loss will be recognized by the Transferor Corporation on the transfer of the assets to the Transferee Corporation solely in exchange for any actual issuance or any deemed issuance of the Transferee Corporation stock and the assumption by the Transferee Corporation of the related liabilities. §§ 351(a) and 357(a).

(2) No gain or loss will be recognized by the Transferee Corporation on the receipt of assets from the Transferor Corporation in the Controlled Subsidiary Contributions. § 1032(a).

(3) The basis of the Transferee Corporation stock constructively received by the Transferor Corporation will be the same as the basis of the assets transferred by the Transferor Corporation to the Transferee Corporation, decreased by the sum of the liabilities assumed by the Transferee Corporation. §§ 358(a)(1) and 358(d).

(4) The basis of each asset received by the Transferee Corporation in the Controlled Subsidiary Contributions will equal the basis of that asset in the hands of the Transferor Corporation immediately before the Controlled Subsidiary Contributions. § 362(a).

(5) The holding period of the stock to be constructively received by the Transferor Corporation will include the holding period of the assets that were transferred in the Controlled Subsidiary Contributions, provided that the assets were held as capital assets by Sub 1, FSub 6, and Parent as applicable, on the respective date of the Controlled Subsidiary Contributions. § 1223(1).

(6) The holding period of each asset received by the Transferee Corporation in the Controlled Subsidiary Contributions includes the holding period of that asset in the hands of the Transferor Corporation immediately before the Controlled Subsidiary Contributions. § 1223(2).

Controlled Corporation Contribution and Controlled Corporation Distribution Rulings

Based solely on the information submitted and the representations set forth above, we rule as set forth below with respect to Contribution 2, Contribution 3,

Contribution 4, and Conversion 3 (together, the “Controlled Corporation Contributions”) together with Distribution 2, Distribution 3, Distribution 4, and Distribution 6 (together, the “Controlled Corporation Distributions”). For purposes of rulings (7) through (16), the transferor corporation is referred to as “Distributing” and the recipient corporation is referred to as “Controlled.”

(7) Each Controlled Corporation Contribution followed by its respective Controlled Corporation Distribution will be a reorganization within the meaning of § 368(a)(1)(D). Each of Distributing and Controlled will be “a party to a reorganization” within the meaning of § 368(b).

(8) No gain or loss will be recognized by Distributing on the Controlled Corporation Contribution. §§ 357(a) and 361(a).

(9) No gain or loss will be recognized by Controlled on the receipt of assets from Distributing in exchange for actual or deemed-received Controlled stock. § 1032(a).

(10) The basis of each asset received by Controlled from Distributing in each Controlled Corporation Contribution will equal the basis of that asset in the hands of Distributing immediately before the transfer. § 362(b).

(11) The holding period of each asset received by Controlled from Distributing in each Controlled Corporation Contribution will include the period during which that asset was held by Distributing. § 1223(2).

(12) No gain or loss will be recognized by Distributing on the distribution of its stock in Controlled to the shareholder of Distributing. § 361(c).

(13) No gain or loss will be recognized by the shareholder of Distributing on the receipt of stock of Controlled. § 355(a).

(14) The basis of the stock of Distributing and Controlled in the hands of Distributing’s shareholder after the Controlled Corporation Distribution will equal such shareholder’s basis in the stock of Distributing immediately prior to the Controlled Corporation Distribution, allocated in proportion to the fair market value of each in accordance with § 358(a)(1) and § 1.358-2(a)(2). § 358(b).

(15) The holding period of the Controlled stock received by Distributing’s shareholder in the Controlled Corporation Distribution will include the holding period of the Distributing stock on which the distribution was made, provided that such Distributing stock is held as a capital asset on the date of the distribution. § 1223(1).

(16) Earnings and profits will be allocated between Distributing and Controlled under § 312(h), and § 1.312-10 and, in the case of the Distribution 3, under § 1.1502-33(f)(2).

Controlled Corporation Distribution Rulings

Based solely on the information submitted and the representations set forth above, we rule as set forth below with respect to Distribution 1 and Distribution 5 (together, the “Controlled Subsidiary Distributions”). For purposes of the rulings (17) through (21), the distributing corporation is referred to as “Distributing” and the controlled corporation is referred to as “Controlled.”

(17) No gain or loss will be recognized by Distributing on the distribution of its stock in Controlled to the shareholder of Distributing. § 355(c)(1).

(18) No gain or loss will be recognized by the shareholder of Distributing on the receipt of Controlled. § 355(a).

(19) The basis of the stock of Distributing and Controlled in the hands of Distributing’s shareholder after the Controlled Subsidiary Distributions will equal such shareholder’s basis in the stock of Distributing immediately prior to the distribution, allocated in proportion to the fair market value of each in accordance with § 358(a)(1) and § 1.358-2(a)(2). § 358(b).

(20) The holding period of the Controlled stock received by Distributing’s shareholder will include the holding period of the Distributing stock on which the distribution was made, provided that such Distributing stock is held as a capital asset on the date of the distribution. § 1223(1).

(21) Earnings and profits will be allocated between Distributing and Controlled under § 312(h) and § 1.312-10.

Conversion 2 Rulings

Based solely on the information submitted and the representations set forth above, we rule as set forth below with respect to the Conversion 2.

(22) The Conversion 2 will be treated as a distribution in complete liquidation of FSub 4 under § 332(a).

(23) No gain or loss will be recognized by Sub 1 on its deemed receipt of the assets and assumption of the liabilities of FSub 4 in the Conversion 2. § 332(a).

(24) The basis of each asset of FSub 4 deemed received by Sub 1 in the Conversion 2 will equal the basis of that asset in the hands of FSub 4 immediately before the Conversion 2. § 334(b)(1).

(25) The holding period of each asset of FSub 4 deemed received by Sub 1 in the Conversion 2 will include the period during which the asset was held by FSub 4. § 1223(2).

(26) No gain or loss will be recognized by FSub 4 on the deemed distribution of its assets to, and assumption of liabilities by, Sub 1 in the Conversion 2. § 337(a).

(27) Sub 1 will succeed to and take into account the items of FSub 4 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383 and 384 and the regulations thereunder. § 381(a)(1) and § 1.381(a)-1.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of the Proposed Transaction under other provisions of the Code or the regulations, or the tax treatment of any conditions existing at the time of, or effect resulting from the Proposed Transaction that is not specifically covered by the above rulings. In particular, no opinion is expressed regarding:

- (i) Whether any of Distribution 1, Distribution 2, Distribution 3, Distribution 4, Distribution 5, and Distribution 6 satisfy the business purpose requirement of § 1.355-2(b);
- (ii) Whether any of Distribution 1, Distribution 2, Distribution 3, Distribution 4, Distribution 5, and Distribution 6 are being used principally as a device for the distribution of the earnings and profits of any distributing or controlled corporation (see § 355(a)(1)(B) and § 1.355-2(d));
- (iii) Whether any of Distribution 1, Distribution 2, Distribution 3, Distribution 4, Distribution 5, and Distribution 6 and any acquisition or acquisitions are part of a plan (or series of related transactions) under § 355(e)(2)(A)(ii) and § 1.355-7;
- (iv) To the extent not otherwise specifically ruled upon above, the adjustments to earnings and profits or deficits in earnings and profits, if any, in any of the transactions to which § 367(a) or (b) apply;
- (v) To the extent not otherwise specifically ruled upon above, any other consequences under § 367 on any transaction in this ruling letter;
- (vi) Whether any or all of the above-referenced foreign corporations is a passive foreign investment corporation ("PFIC) within the meaning of § 1297(a). If it is determined that any such corporation is a PFIC, no opinion is expressed with respect to the application of §§ 1291 through 1298 to the Proposed

Transactions. In particular, in a transaction in which gain is not otherwise recognized, regulations under § 1291(f) may require gain recognition notwithstanding any other provisions of the Code;

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 letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this letter ruling. In accordance with the power of attorney on file with this office, a copy of this ruling letter is being sent to your authorized representatives.

Sincerely,

Richard K. Passales _____

Richard K. Passales
Senior Counsel, Branch 4
Office of the Associate Chief Counsel
(Corporate)

cc: