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Legend

Distributing =

Controlled =

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 =

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Sub 52 =

Sub 53 =

Sub 54 =

Sub 55 =

Sub 56 =

Sub 57 =

Partnership 1 =

Business A =

Business B =

Business C =

Business D =

Business E =

Business F =

Business G =

Controlled Business =

Distributing Business =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country G =

Country H =

Country I =

Country J =

Country K =

Country L =

Country M =

Country N =

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Country P =

State A =

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Dear :

This letter responds to your letter dated August 30, 2012, as thereafter supplemented (the "Ruling Request"), submitted on behalf of Distributing, its affiliates, including Controlled, and its equityholders, requesting rulings on certain federal income tax consequences of the Proposed Transactions (defined below). The 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 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.

In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the Proposed Transactions: (i) satisfy the business purpose requirement of Treas. Reg. § 1.355-2(b); (ii) are used principally as a device for the distribution of the earnings and profits of the distributing corporation and/or the controlled corporation (see Section 355(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code") and Treas. Reg. § 1.355-2(d)); or (iii) are 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 Section 355(e) and Treas. Reg. § 1.355-7).

Summary of Facts

Distributing, a Country A company,¹ is the widely held, publicly traded parent company of a group of companies. Distributing has outstanding one class of

¹ All entities referred to herein are treated as corporations for U.S. federal income tax purposes, unless otherwise noted.

equity ("Distributing Ordinary Shares"). The Distributing Ordinary Shares are listed on the X.

Distributing's primary holding company is Sub 3, a Country B company. Sub 3 is held by Distributing through Sub 1, a Country C company. Distributing owns 100% of the outstanding equity of Sub 1. Sub 1 owns all the outstanding equity of Sub 2, a Country B company. Sub 2 owns all the outstanding equity of Sub 3. Sub 1 also owns all the outstanding equity of Sub 4, a Country O company treated as a disregarded entity for U.S. federal income tax purposes.

Sub 3 has, among others, the following subsidiaries (all of which are wholly owned by Sub 3, except as otherwise noted): Sub 5, a Country D company; more than a percent of the stock of Sub 6, a State A corporation (the remaining less than b percent of the stock of Sub 6 is owned by Sub 46, another subsidiary of Sub 3); and Sub 46, a Country P company.

Sub 5 owns all of the equity of Sub 7, a Country D company. Sub 7 owns more than a percent of the outstanding stock of Sub 8, a State B corporation (the remainder of the outstanding stock of Sub 8 is owned by Sub 2 and Sub 3). Sub 8 has, among others, the following subsidiaries, all of which are wholly owned by Sub 8: Sub 9, a Country F company treated as a disregarded entity for U.S. federal income tax purposes; Sub 10, a State A corporation; and Sub 11, a State A corporation. Sub 11 owns all the outstanding stock of Sub 12, a State C corporation.

Sub 12 has, among others, the following subsidiaries (all of which are wholly owned by Sub 12, except as otherwise noted): Sub 13, a State A limited liability company treated as a disregarded entity for U.S. federal income tax purposes; approximately c percent of Sub 14, a Country G company (the remainder of the outstanding equity of Sub 14 is owned by Sub 6, Sub 15, and an officer of Distributing); less than b percent of Sub 15, a Country G company (the remainder of the outstanding equity of Sub 15 is owned by Sub 10); and approximately d percent of Sub 16, a Country G company (the remainder of the outstanding equity of Sub 16 is owned by Sub 17, Sub 18, and Sub 3). Sub 13 wholly owns, among other subsidiaries, Sub 19, a Country H company.

Sub 6 has, among others, the following subsidiaries (all of which are wholly owned by Sub 6, except as otherwise noted): Sub 20, a State A corporation (Sub 20, in turn, owns all the outstanding equity of Sub 21, a Country I company); Sub 22, a Country C company; Sub 23, a Country E company treated as a disregarded entity for U.S. federal income tax purposes; Sub 24, a State D corporation; Sub 25, a State A corporation; and Sub 26, a State A limited liability company treated as a disregarded entity for U.S. federal income tax purposes. Sub 6, directly and through its subsidiaries, holds approximately e percent of the partnership interests in Partnership 1 (all of the remaining interests in Partnership 1 are owned by affiliates of Sub 6). Sub 55 and Sub 56 were recently acquired by the Distributing SAG (defined below) and contributed to

Partnership 1 by Sub 6, through its subsidiaries, in a series of restructuring steps, after which each of Sub 55 and Sub 56 was merged into Partnership 1. Sub 26 owns approximately f percent of Sub 27, a Country G company (the remainder of the outstanding equity of Sub 27 is directly owned by Sub 6), and Sub 18, a State A limited liability company treated as a disregarded entity for U.S. federal income tax purposes. Sub 27 owns approximately g percent of Sub 28, a Country G company (the remainder of the outstanding equity of Sub 28 is owned by Sub 15).

Sub 18 has, among others, the following subsidiaries (all of which are wholly owned by Sub 18, except as otherwise noted): Sub 29, a Country J company; Sub 30, a State A corporation; Sub 31, a Country E company; Sub 32, a State A corporation; Sub 33, a Country E company; all the common equity of Sub 34, a Country E company (Sub 35, a Country K company treated as a disregarded entity for U.S. federal income tax purposes, owns all the preferred shares of Sub 34, representing approximately h percent of the voting power of Sub 34); Sub 36, a Country L company; Sub 37, a Country L company; Sub 38, a Country D company; and Sub 57, a Country K company.

Sub 34 has, among others, the following wholly owned subsidiaries: Sub 39, a Country M company treated as a disregarded entity for U.S. federal income tax purposes; Sub 40, a Country E company; Sub 41, a Country E company; and Sub 42, a Country E company.

Distributing, through its separate affiliated group as defined in Section 355(b)(3)(B) (the "Distributing SAG") and Partnership 1, is engaged in the conduct of the Distributing Business (including Business A, Business C, Business E, and Business G) and the Controlled Business (including Business B, Business D, and Business F). The Distributing SAG has conducted the Distributing Business and the Controlled Business throughout the five-year period ending on the date of the Distribution (as defined below).

Controlled, a newly formed Country A company, was formed by i nominee companies. Controlled has outstanding one class of equity ("Controlled Ordinary Shares"). Each of the i nominee companies holds its Controlled Ordinary Shares in trust for a Country A corporate services provider (which is not a member of the Distributing group of companies). Shortly after formation, Controlled issued further Controlled Ordinary Shares to the aforementioned Country A corporate services provider to satisfy certain Country A company law requirements. Following the Proposed Transactions (as defined below), Controlled, through its separate affiliated group as defined in Section 355(b)(3)(B) (the "Controlled SAG") will conduct the Controlled Business, and the Distributing SAG and Partnership 1 will continue to conduct the Distributing Business.

Financial information has been submitted that indicates that each of Business A, Business B, Business C, Business D, Business E, Business F, Business G

has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Proposed Transactions

For what are represented to be valid business purposes and to effect the Distribution, Distributing has proposed, and partially undertaken, a number of restructuring transactions, including the following steps (the "Proposed Transactions"):

- (i) (a) Sub 19 forms Sub 45, a wholly owned Country H company, and contributes to Sub 45 its assets related to Business B, subject to its related liabilities (such step, "Contribution 1"). Sub 19 distributes all the equity of Sub 45 to Sub 13 (such step, "Internal Distribution 1").

(b) Sub 13 distributes all the equity of Sub 45 to Sub 12 in a disregarded transaction.
- (ii) Sub 12 forms Sub 43, a wholly owned State A corporation, and contributes to Sub 43 all the membership interests in Sub 13 and its interests in the equity of Sub 14, Sub 15 and Sub 16 (such step, "Contribution 2"), and Sub 12 distributes all the stock of Sub 43 to Sub 11 (such step, "Internal Distribution 2").
- (iii) Sub 11 distributes all the stock of Sub 43 to Sub 8 (such step, "Internal Distribution 3").
- (iv) Sub 8 redeems the less than b percent interest in its stock held by Sub 3 and Sub 2 in exchange for cash and contributes cash to Sub 10.
- (v) Sub 8 contributes all the equity of Sub 10 and Sub 9 to Sub 43 (such steps, "Contribution 3") and distributes all the stock of Sub 43 to Sub 7 (such step, "Internal Distribution 4").
- (vi) Sub 46 sells its Sub 6 stock to Sub 3.
- (vii) (a) Sub 27 sells its approximately g percent interest in the equity of Sub 28 to Sub 10.

(b) Sub 27 sells its assets related to the Distributing Business, subject to its related liabilities, to Sub 15.
- (viii) Pursuant to a partial demerger effected under Country E law, Sub 23 transfers its assets related to the Controlled Business to Sub 47, a newly formed Country E company treated as a disregarded entity for U.S. federal income tax purposes. Following the demerger, Sub

6 will own 100 percent of each of Sub 23 and Sub 47, both of which are disregarded entities for U.S. federal income tax purposes.

- (ix) (a) Sub 18 contributes all the equity of Sub 31 and Sub 33 to Sub 34. Thereafter, each of Sub 31, Sub 33, Sub 41, and Sub 42 merge into Sub 34. Sub 39 liquidates.

(b) Sub 34 redeems its equity held by Sub 35.

(c) Pursuant to a partial demerger effected under Country E law, Sub 34 transfers all the equity of Sub 40 to Sub 48, a newly formed Country E company. Following the demerger, Sub 18 will own 100 percent of each of Sub 34 and Sub 48. Sub 34 intends to treat the demerger as a contribution of all the equity of Sub 40 to Sub 48 in exchange for all the equity therein (such step, "Contribution 4"), followed by a distribution by Sub 34 of all the equity of Sub 48 to Sub 18 (such step, "Internal Distribution 5").
- (x) Sub 18 sells all the equity of Sub 37 to Sub 6 in a disregarded transaction.
- (xi) Sub 3 forms Sub 44, a wholly owned country E company, and Sub 29 sells its assets related to the Controlled Business, subject to its related liabilities, to Sub 44.
- (xii) (a) Sub 3 and Sub 2 form Sub 49, a Country N company. Sub 3 and Sub 2 will own 100 percent of Sub 49.

(b) Sub 36 sells its assets related to the Distributing Business, subject to its related liabilities, to Sub 49.
- (xiii) Sub 32 forms Sub 50, a wholly owned State A corporation, contributes to Sub 50 its assets related to Business F, subject to its related liabilities (such step, "Contribution 5"), and distributes all the stock of Sub 50 to Sub 18 (such step, "Internal Distribution 6").
- (xiv) (a) Sub 20 sells all the equity of Sub 21 to Sub 3 and Sub 2.

(b) Sub 21 sells its assets related to the Controlled Business, subject to its related liabilities, to Sub 44.
- (xv) Sub 26 forms Sub 51, a wholly owned State A limited liability company treated as a disregarded entity for U.S. federal income tax purposes, and contributes certain assets, subject to certain liabilities, to Sub 51.

- (xvi) Sub 18 distributes all the stock of Sub 30, Sub 36, Sub 38, Sub 48, Sub 50, and Sub 57 to Sub 26 in a disregarded transaction. Sub 26 contributes its f percent interest in Sub 27 to Sub 50, and Sub 26 distributes all the stock of Sub 30, Sub 36, Sub 38, Sub 48, Sub 50, and Sub 57 to Sub 6 in a disregarded transaction.
- (xvii) Sub 6 forms Sub 52, a wholly owned State A corporation, contributes all the equity of Sub 22, Sub 24, Sub 50, Sub 30, Sub 36, Sub 27, Sub 37, Sub 38, Sub 25, Sub 47, Sub 48, and Sub 51 to Sub 52 (such steps, "Contribution 6"), and distributes all the stock of Sub 52 to Sub 3 (such steps, "Internal Distribution 7").
- (xviii) (a) Sub 1 forms Sub 53, a wholly owned Country O company that will be a disregarded entity for U.S. federal income tax purposes.

(b) Pursuant to a partial demerger effected under Country O law, Sub 4 transfers its assets related to the Controlled Business to Sub 53, subject to its related liabilities.
- (xix) Sub 2 forms Sub 54, a wholly owned Country B company, and contributes to Sub 54 its interests in subsidiaries related to the Controlled Business.
- (xx) (a) Through a series of additional restructuring steps, culminating in the distribution of Sub 53 and Sub 54 to Distributing, the assets and liabilities of the Controlled Business (including the equity of the Sub 53, Sub 54, and other entities conducting portions of the Controlled Business) are transferred to Controlled. Controlled will have been formed by j nominee companies, each of which will hold its Controlled Ordinary Shares in trust for a Country A corporate services provider (which will not be a member of the Distributing group of companies). Shortly after formation, Controlled will issue further Controlled Ordinary Shares to the aforementioned Country A corporate services provider to satisfy certain Country A company law requirements.

(b) Pursuant to a three-cornered spin effected under Country A law, Controlled will issue Controlled Ordinary Shares to the public equityholders of Distributing on a pro rata basis (the "Distribution"), subject to the payment of cash in lieu of fractional Controlled Ordinary Shares. The Distribution will be in consideration for the transfer of the equity of Sub 54 and Sub 53 (the "Contribution") to Controlled. At the same time, Controlled will acquire and cancel, for no consideration, the Controlled Ordinary Shares issued to the j nominee companies and to the Country A corporate services

provider. For U.S. federal income tax purposes, Distributing will treat the three-cornered spin as a contribution of all the equity of Sub 54 and Sub 53 to Controlled in exchange for all the Controlled Ordinary Shares, followed by a distribution by Distributing of all the Controlled Ordinary Shares to the public equityholders of Distributing on a pro rata basis, subject to the payment of cash in lieu of fractional Controlled Ordinary Shares.

In connection with the Distribution, Distributing and Controlled will enter into agreements (the "Transition Services Agreements") intended to govern their relationship (and those of their respective subsidiaries) after the Distribution. Distributing and Controlled will also enter into a tax matters agreement. Such tax matters agreement will allocate tax-related liabilities and will include covenants intended to restrict certain transactions that could jeopardize the tax-free status of Internal Distributions 1 through 7 and the Distribution. It is also expected that the terms will include indemnity provisions under which the parties will reimburse each other, as appropriate, for tax obligations that arose before the Distribution (the "Indemnity Provisions").

In addition, Distributing and Controlled will enter into separation agreements intended to govern the separation of the Controlled Business from the Distributing Business. Such separation agreements will include the agreements to effect the Proposed Transactions, including the Distribution.

Representations

The following representations have been made with respect to the Proposed Transactions:

Contribution 1 and Internal Distribution 1

- (a) The indebtedness, if any, owed by Sub 45 to Sub 19 after Internal Distribution 1 will not constitute stock or securities.
- (b) No part of the consideration to be distributed by Sub 19 will be received by an equityholder as a creditor, employee, or in any capacity other than that of an equityholder of Sub 19.
- (c) The five years of financial information submitted and to be submitted on behalf of Business A carried on by Sub 19 is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

- (d) The five years of financial information submitted and to be submitted on behalf of Business B that will be transferred to Sub 45 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.
- (e) Sub 19 neither acquired Business A nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 1 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 1, Sub 19 has been the principal owner of the goodwill and significant assets of Business A and will continue to be the principal owner following Internal Distribution 1.
- (f) Sub 19 neither acquired Business B nor acquired control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 1 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 1, Sub 19 has been the principal owner of the goodwill and significant assets of Business B and Sub 45 will continue to be the principal owner following Internal Distribution 1.
- (g) Following Internal Distribution 1, Sub 19 and Sub 45 will each continue the active conduct of Business A and Business B, respectively, independently and with its separate employees.
- (h) Internal Distribution 1 is being carried out for the following corporate business purpose: to facilitate the separation of the Distributing Business from the consolidated group of Sub 8 in order to facilitate the Distribution. The distribution of the equity of Sub 45 is motivated, in whole or substantial part, by this corporate business purpose.
- (i) Internal Distribution 1 is not being used principally as a device for the distribution of the earnings and profits of Sub 19 or Sub 45 or both.
- (j) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 45 by Sub 19 each equals or exceeds the sum of the liabilities assumed by Sub 45 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are

subject were incurred in the ordinary course of business and are associated with the assets being transferred.

- (k) Sub 19 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 1.
- (l) No intercorporate debt will exist between Sub 19 and Sub 45 at the time of, or subsequent to, Internal Distribution 1 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 19 and Sub 45 in the ordinary course of business.
- (m) Payments made in connection with all continuing transactions, if any, between Sub 19 and Sub 45 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (n) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (o) For purposes of Section 355(d), immediately after Internal Distribution 1, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Sub 19 equity entitled to vote, or 50 percent or more of the total value of all classes of Sub 19 equity, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 1.
- (p) For purposes of Section 355(d), immediately after Internal Distribution 1, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Sub 45 equity entitled to vote, or 50 percent or more of the total value of all classes of interests of Sub 45 equity, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 1 or (ii) attributable to distributions on Sub 19 equity that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 1.

- (q) Internal Distribution 1 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly equity representing a 50 percent or greater interest (within the meaning of Section 355(d)(4)) in Sub 19 or Sub 45 (including any predecessor or successor of any such corporation).
- (r) Immediately after Internal Distribution 1, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 19 or Sub 45 or (ii) neither Sub 19 nor Sub 45 is or will be a disqualified investment corporation for purposes of Section 355(g).
- (s) Sub 19 is, and Sub 45 will be, a corporation within the meaning of Section 7701(a)(3) at all times before and immediately after Contribution 1 and Internal Distribution 1.
- (t) Sub 19 is, and Sub 45 will be, a CFC (within the meaning of Section 957(a)) immediately before and after Contribution 1 and Internal Distribution 1.
- (u) With respect to each of Sub 19 and Sub 45, Sub 12 will be a Section 1248 shareholder, within the meaning of Treasury Regulations § 1.367(b)-2(b), immediately before and after Internal Distribution 1.
- (v) The notice requirements of Treasury Regulations § 1.367(b)-1(c) will be met for Contribution 1 and Internal Distribution 1.
- (w) Following Internal Distribution 1, Sub 12 will compute its pre-distribution and post-distribution amount with respect to Sub 19 and Sub 45, as defined under Treasury Regulations §§ 1.367(b)-5(e)(1) and (2). To the extent the pre-distribution amount exceeds the post-distribution amount with respect to either Sub 19 or Sub 45, Sub 12 will make basis adjustments and recognize income (if any), as required under the applicable Treasury Regulations.
- (x) Contribution 1 and Internal Distribution 1 will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

- (y) Contribution 1 and Internal Distribution 1 will not be an exchange described in Treasury Regulations §§ 1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i), or 1.367(b)-4(b)(3).
- (z) Contribution 1 will not involve the transfer of any United States real property interests, as defined in Treasury Regulations § 1.897-1(c).

Contribution 2 and Internal Distribution 2

- (aa) The indebtedness, if any, owed by Sub 43 to Sub 12 after Internal Distribution 2 will not constitute stock or securities.
- (bb) No part of the consideration to be distributed by Sub 12 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Sub 12.
- (cc) The five years of financial information submitted and to be submitted on behalf of Business B carried on by Sub 12's separate affiliated group as defined in Section 355(b)(3)(B) ("SAG") is representative of the business' present operations, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (dd) The five years of financial information submitted and to be submitted on behalf of Business A that will be transferred to Sub 43 is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ee) Sub 12 and Sub 43 will treat all members of their respective SAGs as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (ff) Sub 12's SAG did not acquire Business B during the five-year period ending on the date of Internal Distribution 2 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Sub 12's SAG did not acquire control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 2 in a transaction

in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of Internal Distribution 2, Sub 12's SAG has been the principal owner of the goodwill and significant assets of Business B and will continue to be the principal owner following Internal Distribution 2.

- (gg) Sub 12's SAG neither acquired Business A nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 2 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 2, Sub 12's SAG has been the principal owner of the goodwill and significant assets of Business A and Sub 43's SAG will continue to be the principal owner following Internal Distribution 2.
- (hh) Following Internal Distribution 2, Sub 12's SAG will continue the active conduct of Business B, and Sub 43's SAG will continue the active conduct of Business A, each independently and with its separate employees.
- (ii) Internal Distribution 2 is being carried out for the following corporate business purpose: to facilitate the separation of the Distributing Business from the consolidated group of Sub 8 in order to facilitate the Distribution. The distribution of the stock of Sub 43 is motivated, in whole or substantial part, by this corporate business purpose.
- (jj) Internal Distribution 2 is not being used principally as a device for the distribution of the earnings and profits of Sub 12 or Sub 43 or both.
- (kk) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 43 by Sub 12 each equals or exceeds the sum of the liabilities assumed by Sub 43 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.

- (ll) Sub 12 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 2.
- (mm) No intercorporate debt will exist between Sub 12 and Sub 43 at the time of, or subsequent to, Internal Distribution 2 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 12 and Sub 43 in the ordinary course of business.
- (nn) Immediately before Internal Distribution 2, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see Treasury Regulations §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect as published by T.D. 8597). Sub 12's excess loss account with respect to the Sub 43 stock, if any, will be included in income immediately before Internal Distribution 2, to the extent required by regulations (see Treasury Regulations § 1.1502-19).
- (oo) Payments made in connection with all continuing transactions, if any, between Sub 12 and Sub 43 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (pp) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (qq) For purposes of Section 355(d), immediately after Internal Distribution 2, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 12 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 12 stock, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 2.
- (rr) For purposes of Section 355(d), immediately after Internal Distribution 2, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 43 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 43 stock, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined

after applying Section 355(d)(6)) ending on the date of Internal Distribution 2 or (ii) attributable to distributions on Sub 12 stock that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 2.

- (ss) Internal Distribution 2 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 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 Section 355(d)(4)) in Sub 12 or Sub 43 (including any predecessor or successor of any such corporation).
- (tt) Immediately after Internal Distribution 2, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 12 or Sub 43 or (ii) neither Sub 12 nor Sub 43 is or will be a disqualified investment corporation for purposes of Section 355(g).
- (uu) Contribution 2 and Internal Distribution 2 will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.
- (vv) Immediately before Contribution 2, each of Sub 14, Sub 15, Sub 16, Sub 19, and any other foreign corporations that are CFCs (within the meaning of Section 957(a)) that are transferred to Sub 43 will be a CFC (within the meaning of Section 957(a)) with respect to which Sub 12 will be a Section 1248 shareholder (within the meaning of Treasury Regulations § 1.367(b)-2(b)). Immediately after Contribution 2, each of Sub 14, Sub 15, Sub 16, Sub 19, and any other foreign corporations that are CFCs (within the meaning of Section 957(a)) that transferred to Sub 43 will be a CFC (within the meaning of Section 957(a)) with respect to which Sub 43 will be a Section 1248 shareholder (within the meaning of Treasury Regulations § 1.367(b)-2(b)).

Internal Distribution 3

- (ww) The indebtedness, if any, owed by Sub 43 to Sub 11 after Internal Distribution 3 will not constitute stock or securities.

- (xx) No part of the consideration to be distributed by Sub 11 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Sub 11.
- (yy) The five years of financial information submitted and to be submitted on behalf of Business B carried on by Sub 11's SAG is representative of the business' present operations, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (zz) The five years of financial information submitted and to be submitted on behalf of Business A that will be transferred to Sub 43 as part of Internal Distribution 2 is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (aaa) Sub 11 and Sub 43 will treat all members of their respective SAGs as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (bbb) Sub 11's SAG did not acquire Business B during the five-year period ending on the date of Internal Distribution 3 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Sub 11's SAG did not acquire control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 3 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of Internal Distribution 3, Sub 11's SAG has been the principal owner of the goodwill and significant assets of Business B and will continue to be the principal owner following Internal Distribution 3.
- (ccc) Sub 11's SAG neither acquired Business A nor acquired control of an entity conducting such businesses during the five-year period

ending on the date of Internal Distribution 3 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 3, Sub 11's SAG has been the principal owner of the goodwill and significant assets of Business A and Sub 43's SAG will continue to be the principal owner following Internal Distribution 3.

- (ddd) Following Internal Distribution 3, Sub 11's SAG will continue the active conduct of Business B, and Sub 43's SAG will continue the active conduct of Business A, each independently and with its separate employees.
- (eee) Internal Distribution 3 is being carried out for the following corporate business purpose: to facilitate the separation of the Distributing Business from the consolidated group of Sub 8 in order to facilitate the Distribution. The distribution of the stock of Sub 43 is motivated, in whole or substantial part, by this corporate business purpose.
- (fff) Internal Distribution 3 is not being used principally as a device for the distribution of the earnings and profits of Sub 11 or Sub 43 or both.
- (ggg) Sub 11 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 3.
- (hhh) No intercorporate debt will exist between Sub 11 and Sub 43 at the time of, or subsequent to, Internal Distribution 3 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 11 and Sub 43 in the ordinary course of business.
- (iii) Immediately before Internal Distribution 3, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see Treasury Regulations §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect as published by T.D. 8597). Sub 11's excess loss account with respect to Sub 43 stock, if any, will be included in income immediately before Internal Distribution 3, to the extent required by regulations (see Treasury Regulations § 1.1502-19).
- (jjj) Payments made in connection with all continuing transactions, if any, between Sub 11 and Sub 43 will be for fair market value based

on terms and conditions arrived at by the parties bargaining at arm's length.

- (kkk) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (lll) For purposes of Section 355(d), immediately after Internal Distribution 3, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 11 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 11 stock, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 3.
- (mmm) For purposes of Section 355(d), immediately after Internal Distribution 3, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 43 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 43 stock, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 3 or (ii) attributable to distributions on Sub 11 stock that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 3.
- (nnn) Internal Distribution 3 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 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 Section 355(d)(4)) in Sub 11 or Sub 43 (including any predecessor or successor of any such corporation).
- (ooo) Immediately after Internal Distribution 3, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 11 or Sub 43 or (ii) neither Sub 11 nor Sub 43 is or will be a disqualified investment corporation for purposes of Section 355(g).

Contribution 3 and Internal Distribution 4

- (ppp) The indebtedness, if any, owed by Sub 43 to Sub 8 after Internal Distribution 4 will not constitute stock or securities.
- (qqq) No part of the consideration to be distributed by Sub 8 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Sub 8.
- (rrr) The five years of financial information submitted and to be submitted on behalf of Business B carried on by Sub 8's SAG is representative of the business' present operations, and with regard to such business, there have been no substantial operational changes since the date of the last financial statements submitted.
- (sss) The five years of financial information submitted and to be submitted on behalf of Business A that will be transferred to Sub 43 as part of Internal Distribution 2 is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ttt) Sub 8 and Sub 43 will treat all members of their respective SAGs as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (uuu) Sub 8's SAG did not acquire Business B during the five-year period ending on the date of Internal Distribution 4 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Sub 8's SAG did not acquire control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 4 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of Internal Distribution 4, Sub 8's SAG has been the principal owner of the goodwill and significant assets of Business B and will continue to be the principal owner following Internal Distribution 4.

- (vvv) Sub 8's SAG neither acquired Business A nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 4 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 4, Sub 8's SAG has been the principal owner of the goodwill and significant assets of Business A and Sub 43's SAG will continue to be the principal owner following Internal Distribution 4.
- (www) Following Internal Distribution 4, Sub 8's SAG will continue the active conduct of Business B, and Sub 43's SAG will continue the active conduct of Business A, each independently and with its separate employees.
- (xxx) Internal Distribution 4 is being carried out for the following corporate business purpose: to separate the Distributing Business from the consolidated group of Sub 8 in order to facilitate the Distribution. The distribution of the stock of Sub 43 is motivated, in whole or substantial part, by this corporate business purpose.
- (yyy) Internal Distribution 4 is not being used principally as a device for the distribution of the earnings and profits of Sub 8 or Sub 43 or both.
- (zzz) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 43 by Sub 8 each equals or exceeds the sum of the liabilities assumed by Sub 43 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (aaaa) Sub 8 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 4.
- (bbbb) No intercorporate debt will exist between Sub 8 and Sub 43 at the time of, or subsequent to, Internal Distribution 4 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 8 and Sub 43 in the ordinary course of business.
- (cccc) Immediately before Internal Distribution 4, items of income, gain, loss, deduction, and credit will be taken into account as required by

the applicable intercompany transaction regulations (including, without limitation, Treasury Regulations §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect as published by T.D. 8597). Sub 8's excess loss account with respect to Sub 43 stock, if any, will be included in income immediately before Internal Distribution 4, to the extent required by regulations (see Treasury Regulations § 1.1502-19).

- (dddd) Payments made in connection with all continuing transactions, if any, between Sub 8 and Sub 43 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (eeee) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (ffff) For purposes of Section 355(d), immediately after Internal Distribution 4, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 8 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 8 stock, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 4.
- (gggg) For purposes of Section 355(d), immediately after Internal Distribution 4, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 43 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 43 stock, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 4 or (ii) attributable to distributions on Sub 8 stock that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 4.
- (hhhh) Internal Distribution 4 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 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 Section 355(d)(4)) in Sub 8 or Sub 43 (including any predecessor or successor of any such corporation).

- (iii) Immediately after Internal Distribution 4, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 8 or Sub 43 or (ii) neither Sub 8 nor Sub 43 is or will be a disqualified investment corporation for purposes of Section 355(g).
- (jjj) Contribution 3 and Internal Distribution 4 will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.
- (kkkk) Neither Sub 43 nor Sub 8 will have been a United States real property holding corporation (as defined in Section 897(c)(2)) (a “USRPHC”) at any time during the five-year period preceding Internal Distribution 4, and neither Sub 43 nor Sub 8 will be a USRPHC immediately after Internal Distribution 4.

Contribution 4 and Internal Distribution 5

- (lll) The indebtedness, if any, owed by Sub 48 to Sub 34 after Internal Distribution 5 will not constitute stock or securities.
- (mmmm) No part of the consideration to be distributed by Sub 34 will be received by an equityholder as a creditor, employee, or in any capacity other than that of an equityholder of Sub 34.
- (nnnn) The five years of financial information submitted and to be submitted on behalf of Business C carried on by Sub 34 is representative of the businesses’ present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (oooo) The five years of financial information submitted and to be submitted on behalf of Business D that will be transferred to Sub 48 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.

- (pppp) Sub 48 will treat all members of its SAG as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (qqqq) Sub 34 neither acquired Business C nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 5 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent. Throughout the five-year period ending on the date of Internal Distribution 5, Sub 34 has been the principal owner of the goodwill and significant assets of Business C and will continue to be the principal owner following Internal Distribution 5.
- (rrrr) Sub 34's SAG neither acquired Business D nor acquired control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 5 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent. Throughout the five-year period ending on the date of Internal Distribution 5, Sub 34's SAG has been the principal owner of the goodwill and significant assets of Business D and Sub 48's SAG will continue to be the principal owner following Internal Distribution 5.
- (ssss) Following Internal Distribution 5, Sub 34 and Sub 48's SAG will each continue the active conduct of Business C and Business D, respectively, independently and with its separate employees.
- (tttt) Internal Distribution 5 is being carried out for the following corporate business purpose: to facilitate the separation of the Controlled Business from the consolidated group of Sub 6 in order to facilitate the Distribution. The distribution of the equity of Sub 48 is motivated, in whole or substantial part, by this corporate business purpose.
- (uuuu) Internal Distribution 5 is not being used principally as a device for the distribution of the earnings and profits of Sub 34 or Sub 48 or both.

- (vvvv) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 48 by Sub 34 each equals or exceeds the sum of the liabilities assumed by Sub 48 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (www) Sub 34 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 5.
- (xxxx) No intercorporate debt will exist between Sub 34 and Sub 48 at the time of, or subsequent to, Internal Distribution 5 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 34 and Sub 48 in the ordinary course of business.
- (yyyy) Payments made in connection with all continuing transactions, if any, between Sub 34 and Sub 48 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (zzzz) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (aaaa) For purposes of Section 355(d), immediately after Internal Distribution 5, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Sub 34 equity entitled to vote, or 50 percent or more of the total value of all classes of Sub 34 equity, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 5.
- (bbbb) For purposes of Section 355(d), immediately after Internal Distribution 5, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Sub 48 equity entitled to vote, or 50 percent or more of the total value of all classes of Sub 48 equity, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal

Distribution 5 or (ii) attributable to distributions on Sub 34 equity that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 5.

- (cccc) Internal Distribution 5 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly equity representing a 50 percent or greater interest (within the meaning of Section 355(d)(4)) in Sub 34 or Sub 48 (including any predecessor or successor of any such corporation).
- (dddd) Immediately after Internal Distribution 5, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 34 or Sub 48 or (ii) neither Sub 34 nor Sub 48 is or will be a disqualified investment corporation for purposes of Section 355(g).
- (eeee) Sub 34 is, and Sub 48 will be, a corporation within the meaning of Section 7701(a)(3) at all times before and immediately after Contribution 4 and Internal Distribution 5.
- (ffff) Sub 34 is, and Sub 48 will be, a CFC (within the meaning of Section 957(a)) immediately before and after Contribution 4 and Internal Distribution 5.
- (gggg) With respect to each of Sub 34 and Sub 48, Sub 6 will be a Section 1248 shareholder, within the meaning of Treasury Regulations § 1.367(b)-2(b), immediately before and after Internal Distribution 5.
- (hhhh) The notice requirements of Treasury Regulations § 1.367(b)-1(c)(1) will be met for Contribution 4 and Internal Distribution 5.
- (iiii) Following Internal Distribution 5, Sub 6 will compute its pre-distribution and post-distribution amount with respect to Sub 34 and Sub 48, as defined under Treasury Regulations §§ 1.367(b)-5(e)(1) and (2). To the extent the pre-distribution amount exceeds the post-distribution amount with respect to either Sub 34 or Sub 48, Sub 6 will make basis adjustments and recognize income (if any), as required under the applicable Treasury Regulations.
- (jjjj) Contribution 4 and Internal Distribution 5 will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the

meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

(kkkkk) Contribution 4 will not be an exchange described in Treasury Regulations §§ 1.367(b)-4(b)(1)(i), 1.367(b)-4(b)(2)(i), or 1.367(b)-4(b)(3).

Contribution 5 and Internal Distribution 6

(lllll) The indebtedness, if any, owed by Sub 50 to Sub 32 after Internal Distribution 6 will not constitute stock or securities.

(mmmmm) No part of the consideration to be distributed by Sub 32 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Sub 32.

(nnnnn) The five years of financial information submitted and to be submitted on behalf of Business E is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(ooooo) The five years of financial information submitted and to be submitted on behalf of the Business F that will be transferred to Sub 50 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.

(ppppp) Sub 32 neither acquired Business E nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 6 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 6, Sub 32 has been the principal owner of the goodwill and significant assets of Business E conducted by it and will continue to be the principal owner following Internal Distribution 6.

(qqqqq) Sub 32 neither acquired Business F nor acquired control of an entity conducting such business during the five-year period ending on the date of Internal Distribution 6 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part. Throughout the five-year period ending on the date of Internal Distribution 6, Sub 32 has been the principal owner of

the goodwill and significant assets of Business F and Sub 50 will continue to be the principal owner following Internal Distribution 6.

- (rrrrr) Following Internal Distribution 6, Sub 32 and Sub 50 will each continue the active conduct of Business E and Business F, respectively, independently and with its separate employees.
- (sssss) Internal Distribution 6 is being carried out for the following corporate business purpose: to facilitate the separation of the Controlled Business from the consolidated group of Sub 6 in order to facilitate the Distribution. The distribution of the stock of Sub 50 is motivated, in whole or substantial part, by this corporate business purpose.
- (ttttt) Internal Distribution 6 is not being used principally as a device for the distribution of the earnings and profits of Sub 32 or Sub 50 or both.
- (uuuuu) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 50 by Sub 32 each equals or exceeds the sum of the liabilities assumed by Sub 50 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (vvvvv) Sub 32 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 6.
 - (wwwww) No intercorporate debt will exist between Sub 32 and Sub 50 at the time of, or subsequent to, Internal Distribution 6 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 32 and Sub 50 in the ordinary course of business.
- (xxxxx) Immediately before Internal Distribution 6, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (including, without limitation, Treasury Regulations §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect as published by T.D. 8597). Sub 32's excess loss account with respect to Sub 50 stock, if any, will be included in income immediately before Internal Distribution 6, to the extent required by regulations (see Treasury Regulations § 1.1502-19).

- (yyyyy) Payments made in connection with all continuing transactions, if any, between Sub 32 and Sub 50 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (zzzzz) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (aaaaa) For purposes of Section 355(d), immediately after Internal Distribution 6, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 32 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 32 stock, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 6.
- (bbbbb) For purposes of Section 355(d), immediately after Internal Distribution 6, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 50 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 50 stock, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 6 or (ii) attributable to distributions on Sub 32 stock that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 6.
- (ccccc) Internal Distribution 6 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 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 Section 355(d)(4)) in Sub 32 or Sub 50 (including any predecessor or successor of any such corporation).
- (dddddd) Immediately after Internal Distribution 6, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 32 or Sub 50 or (ii) neither Sub 32 nor Sub 50 is or will be a disqualified investment corporation for purposes of Section 355(g).

Contribution 6 and Internal Distribution 7

- (eeeeee) The indebtedness, if any, owed by Sub 52 to Sub 6 after Internal Distribution 7 will not constitute stock or securities.
- (ffffff) No part of the consideration to be distributed by Sub 6 will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Sub 6.
- (gggggg) The five years of financial information submitted and to be submitted on behalf of Business G carried on by Sub 6's SAG is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (hhhhhh) The five years of financial information submitted and to be submitted on behalf of Business F and Business D that will be transferred to Sub 52 is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (iiiiii) Sub 6 and Sub 52 will treat all members of their respective SAGs as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (jjjjjj) Sub 6's SAG neither acquired Business G nor acquired control of an entity conducting such businesses during the five-year period ending on the date of Internal Distribution 7 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of Internal Distribution 7, Sub 6's SAG has been the principal owner of the goodwill and significant assets of Business G and will continue to be the principal owner following Internal Distribution 7.
- (kkkkkk) Sub 6's SAG did not acquire either Business F or Business D during the five-year period ending on the date of Internal Distribution 7 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined

in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Sub 6's SAG did not acquire control of an entity conducting either such business during the five-year period ending on the date of Internal Distribution 7 in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of Internal Distribution 7, Sub 6's SAG has been the principal owner of the goodwill and significant assets of Business F and Business D and Sub 52's SAG will continue to be the principal owner following Internal Distribution 7.

(IIIIII) Following Internal Distribution 7, Sub 6's SAG will continue the active conduct of Business G, and Sub 52's SAG will continue the active conduct of Business F and Business D, each independently and with its separate employees.

(mmmmmm) There is no regulatory, legal, contractual, or economic compulsion or requirement that the contribution of Sub 55 be made as a condition of Internal Distribution 7.

(nnnnnn) There is no regulatory, legal, contractual, or economic compulsion or requirement that the contribution of Sub 56 be made as a condition of Internal Distribution 7.

(oooooo) Internal Distribution 7 is being carried out for the following corporate business purpose: to separate the Controlled Business from the consolidated group of Sub 6 in order to facilitate the Distribution. The distribution of the stock of Sub 52 is motivated, in whole or substantial part, by this corporate business purpose.

(pppppp) Internal Distribution 7 is not being used principally as a device for the distribution of the earnings and profits of Sub 6 or Sub 52 or both.

(qqqqqq) (a) The total adjusted bases and the fair market value of the assets transferred to Sub 52 by Sub 6 each equals or exceeds the sum of the liabilities assumed by Sub 52 plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are

subject were incurred in the ordinary course of business and are associated with the assets being transferred.

- (rrrrrr) Sub 6 neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of Internal Distribution 7.
- (ssssss) No intercorporate debt will exist between Sub 6 and Sub 52 at the time of, or subsequent to, Internal Distribution 7 other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Sub 6 and Sub 52 in the ordinary course of business.
- (tttttt) Immediately before Internal Distribution 7, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (including, without limitation, Treasury Regulations §§ 1.1502-13 and 1.1502-14 as in effect before the publication of T.D. 8597, 1995-32 C.B. 147, and as currently in effect as published by T.D. 8597). Sub 6's excess loss account with respect to Sub 52 stock, if any, will be included in income immediately before Internal Distribution 7, to the extent required by regulations (see Treasury Regulations § 1.1502-19).
- (uuuuuu) Payments made in connection with all continuing transactions, if any, between Sub 6 and Sub 52 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (vvvvvv) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (wwwwww) For purposes of Section 355(d), immediately after Internal Distribution 7, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 6 stock entitled to vote, or 50 percent or more of the total value of all classes of Sub 6 stock, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 7.
- (xxxxxx) For purposes of Section 355(d), immediately after Internal Distribution 7, no person (determined after applying Section 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Sub 52 stock entitled to

vote, or 50 percent or more of the total value of all classes of Sub 52 stock, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 9 or (ii) attributable to distributions on Sub 6 stock that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of Internal Distribution 7.

(yyyyyy) Internal Distribution 7 is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 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 Section 355(d)(4)) in Sub 6 or Sub 52 (including any predecessor or successor of any such corporation).

(zzzzzz) Immediately after Internal Distribution 7, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Sub 6 or Sub 52 or (ii) neither Sub 6 nor Sub 52 is or will be a disqualified investment corporation for purposes of Section 355(g).

(aaaaaa) Contribution 6 and Internal Distribution 7 will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.

(bbbbbb) Neither Sub 52 nor Sub 6 will have been a USRPHC at any time during the five-year period preceding Internal Distribution 7, and neither Sub 52 nor Sub 6 will be a USRPHC immediately after Internal Distribution 7.

(cccccc) Immediately before Contribution 6, each of Sub 22, Sub 36, Sub 37, Sub 38, and Sub 48 will be a CFC (within the meaning of Section 957(a)) with respect to which Sub 6 will be a Section 1248 shareholder (within the meaning of Treasury Regulations § 1.367(b)-2(b)). Immediately after Contribution 6, each of Sub 22, Sub 36, Sub 37, Sub 38, and Sub 48 will be a CFC (within the meaning of Section 957(a)) with respect to which Sub 52 will be a Section 1248 shareholder (within the meaning of Treasury Regulations § 1.367(b)-2(b)).

The Contribution and the Distribution

- (ddddddd) The indebtedness, if any, owed by Controlled to Distributing after the Distribution will not constitute stock or securities.
- (eeeeeee) No part of the consideration to be distributed by Distributing will be received by an equityholder as a creditor, employee, or in any capacity other than that of an equityholder of Distributing.
- (ffffff) The five years of financial information submitted and to be submitted on behalf of Business G carried on by Distributing's SAG is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (ggggggg) The five years of financial information submitted and to be submitted on behalf of Business D, Business F, and Business B that will be transferred to Controlled is representative of the businesses' present operations, and with regard to such businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (hhhhhhh) Distributing and Controlled will treat all members of their respective SAGs as one corporation in determining whether the requirements of Section 355(b)(2)(A) regarding the active conduct of a trade or business are satisfied.
- (iiiiiii) Distributing's SAG neither acquired Business G nor acquired control of an entity conducting such businesses during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of the Distribution, Distributing's SAG has been the principal owner of the goodwill and significant assets of Business G and will continue to be the principal owner following the Distribution.
- (jjjjjjj) Distributing's SAG did not acquire Business D, Business F, or Business B during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which

Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Distributing did not acquire control of an entity conducting any such business during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized) in whole or in part, except in connection with transfers between members of the affiliated group (as defined in Section 1504(a), determined without regard to Section 1504(b)) of which Distributing was the common parent, or in connection with the expansion of an existing five-year trade or business. Throughout the five-year period ending on the date of the Distribution, Distributing's SAG has been the principal owner of the goodwill and significant assets of Business D, Business F, and Business B and Controlled's SAG will continue to be the principal owner following the Distribution.

- (kkkkkkk) Following the Distribution, Distributing's SAG will continue the active conduct of Business G, and Controlled's SAG will continue the active conduct of Business D, Business F, and Business B, each independently and with its separate employees.

- (lllllll) The Distribution is being carried out for the following corporate business purposes: (1) enabling the management of each of Distributing and Controlled to focus exclusively on the strategic, capital structure, and operational issues facing their respective businesses without having to divert human and financial resources to the other business or being constrained by limitations imposed by a board and corporate management responsible for overseeing both the Distributing Business and the Controlled Business; (2) permitting each of Distributing and Controlled to independently optimize its capital structure; (3) creating two "pure-play" companies, which is expected to enhance the ability of each of Distributing and Controlled to obtain coverage from equity research analysts, to attract new investors, and to capitalize on appropriate growth opportunities; and (4) enhancing the ability of each of Distributing and Controlled to use its stock as acquisition currency, as a means of raising capital and for employee compensation. The distribution of the equity of Controlled is motivated, in whole or substantial part, by one or more of these corporate business purposes.

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

- (nnnnnnn) (a) The total adjusted bases and the fair market value of the assets transferred to Controlled by Distributing each equals or exceeds the sum of the liabilities assumed by Controlled plus any liabilities to which the transferred assets are subject; and (b) the liabilities assumed in the transaction and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.
- (ooooooo) Distributing neither accumulated its receivables nor made extraordinary payment of its payables in anticipation of the Distribution.
- (ppppppp) No intercorporate debt will exist between Distributing and Controlled at the time of, or subsequent to, the Distribution other than (i) payables and receivables arising from products purchased or services provided under the Transition Services Agreements, or (ii) debt incurred in connection with transactions entered into between Distributing and Controlled in the ordinary course of business.
- (qqqqqqq) Payments made in connection with all continuing transactions, if any, between Distributing and Controlled will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.
- (rrrrrrr) No two parties to the transaction are investment companies as defined in Section 368(a)(2)(F)(iii) and (iv).
- (sssssss) For purposes of Section 355(d), immediately after the Distribution, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Distributing equity entitled to vote, or 50 percent or more of the total value of all classes of Distributing equity, that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of the Distribution.
- (ttttttt) For purposes of Section 355(d), immediately after the Distribution, no person (determined after applying Section 355(d)(7)) will hold equity possessing 50 percent or more of the total combined voting power of all classes of Controlled equity entitled to vote, or 50 percent or more of the total value of all classes of Controlled equity, that was either (i) acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of the Distribution or

- (ii) attributable to distributions on Distributing equity that was acquired by purchase (as defined in Section 355(d)(5) and (8)) during the five-year period (determined after applying Section 355(d)(6)) ending on the date of the Distribution.
- (uuuuuuu) The Distribution is not part of a plan or series of related transactions (within the meaning of Treasury Regulations § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly equity representing a 50 percent or greater interest (within the meaning of Section 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of any such corporation).
- (vvvvvvv) Immediately after the Distribution, either (i) no person will hold a 50 percent or greater interest (within the meaning of Section 355(g)(3)) in either Distributing or Controlled or (ii) neither Distributing nor Controlled is or will be a disqualified investment corporation for purposes of Section 355(g).
- (wwwwwww) Distributing is, and Controlled will be, a corporation within the meaning of Section 7701(a)(3) at all times before and immediately after the Contribution and the Distribution.
- (xxxxxxx) Neither Distributing nor Controlled is or will be a CFC before or after the Contribution and the Distribution.
- (yyyyyyy) The Contribution and the Distribution will not include the transfer of equity of any corporation that has been a U.S. transferor, the transferee foreign corporation, or the transferred corporation with respect to any unexpired gain recognition agreement within the meaning of Treasury Regulations §§ 1.367(a)-3, 1.367(a)-8, and 1.367(a)-8T.
- (zzzzzzz) The payment of cash in lieu of fractional Controlled Ordinary Shares is for the purpose of avoiding the expense and inconvenience of issuing fractional shares and does not represent separately bargained for consideration. It is intended that the total cash consideration, if any, that will be paid in lieu of fractional Controlled Ordinary Shares will not exceed one percent of the total consideration that will be distributed to Distributing equityholders in the Distribution. It is intended that no Distributing equityholder will receive cash in lieu of fractional shares in an amount equal to or greater than the value of one full Controlled Ordinary Share.

Rulings

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

Contribution 1 and Internal Distribution 1

- (1) Contribution 1, followed by Internal Distribution 1, will be a reorganization under Section 368(a)(1)(D). Sub 19 and Sub 45 will each be “a party to the reorganization” under Section 368(b).
- (2) Sub 19 will not recognize any gain or loss on Contribution 1. Sections 361(a) and 357(a).
- (3) Sub 45 will not recognize any gain or loss on Contribution 1. Section 1032(a).
- (4) Sub 45’s basis in each asset received from Sub 19 in Contribution 1 will equal the basis of such asset in the hands of Sub 19 immediately before Contribution 1. Section 362(b).
- (5) Sub 45’s holding period in each asset received from Sub 19 in Contribution 1 will include the holding period during which Sub 19 held such asset. Section 1223(2).
- (6) Sub 19 will not recognize any gain or loss on Internal Distribution 1. Section 361(c).
- (7) Sub 19’s equityholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the equity of Sub 45 in Internal Distribution 1. Section 355(a)(1).
- (8) The basis of Sub 19’s equityholder in the equity of Sub 19 and the equity of Sub 45 following Internal Distribution 1 will equal the aggregate basis of the equity of Sub 19 that the equityholder held immediately before Internal Distribution 1, allocated between the equity of Sub 19 and the equity of Sub 45 in proportion to their relative fair market values at the time of Internal Distribution 1 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (9) The holding period of Sub 19’s equityholder in the equity of Sub 45 received in Internal Distribution 1 will include the holding period of the equity of Sub 19 with respect to which Internal Distribution 1 is made, provided that the equityholder holds such equity of Sub 19

as a capital asset on the date of Internal Distribution 1. Section 1223(1).

- (10) Sub 19 and Sub 45 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.
- (11) Contribution 1 will be an exchange to which Treasury Regulations §§ 1.367(b)-1(c) and 1.367(b)-4(a) apply.
- (12) No amount will be included in income as a deemed dividend equal to the Section 1248 amount under Section 367(b) as a result of Contribution 1 (Treasury Regulations § 1.367(b)-1(b) and -4(b)).
- (13) Internal Distribution 1 will be a distribution to which Treasury Regulations §§ 1.367(b)-1(c), 1.367(b)-5(a), 1.367(b)-5(c), and 1.367(b)-5(f) apply. If Sub 12's post-distribution amount, as defined in Treasury Regulations § 1.367(b)-5(e)(2), with respect to Sub 19 or Sub 45 is less than Sub 12's pre-distribution amount, as defined in Treasury Regulations § 1.367(b)-5(e)(1), with respect to Sub 19 or Sub 45, Sub 12's basis in such equity immediately after Internal Distribution 1 must be reduced by the amount of the difference. However, Sub 12's basis in their equity must not be reduced below zero, and to the extent the foregoing reduction would have reduced basis below zero, Sub 12 must instead include such amount in income as a deemed dividend from such corporation. If Sub 12 reduces its basis in the equity of Sub 19 or Sub 45 (or has an inclusion with respect to such equity), Sub 12 shall increase its basis in the equity of the other corporation to the extent provided in Treasury Regulations § 1.367(b)-5(c)(4).

Contribution 2 and Internal Distribution 2

- (14) Contribution 2, followed by Internal Distribution 2, will be a reorganization under Section 368(a)(1)(D). Sub 12 and Sub 43 will each be "a party to the reorganization" under Section 368(b).
- (15) Sub 12 will not recognize any gain or loss on Contribution 2. Sections 361(a) and 357(a).
- (16) Sub 43 will not recognize any gain or loss on Contribution 2. Section 1032(a).

- (17) Sub 43's basis in each asset received from Sub 12 in Contribution 2 will equal the basis of such asset in the hands of Sub 12 immediately before Contribution 2. Section 362(b).
- (18) Sub 43's holding period in each asset received from Sub 12 in Contribution 2 will include the holding period during which Sub 12 held such asset. Section 1223(2).
- (19) Sub 12 will not recognize any gain or loss on Internal Distribution 2. Section 361(c).
- (20) Sub 12's shareholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the stock of Sub 43 in Internal Distribution 2. Section 355(a)(1).
- (21) The basis of Sub 12's shareholder in the stock of Sub 12 and the stock of Sub 43 following Internal Distribution 2 will equal the aggregate basis of the stock of Sub 12 that the shareholder held immediately before Internal Distribution 2, allocated between the stock of Sub 12 and the stock of Sub 43 in proportion to their relative fair market values at the time of Internal Distribution 2 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (22) The holding period of Sub 12's shareholder in the stock of Sub 43 received in Internal Distribution 2 will include the holding period of the stock of Sub 12 with respect to which Internal Distribution 2 is made, provided that the shareholder holds such stock of Sub 12 as a capital asset on the date of Internal Distribution 2. Section 1223(1).
- (23) Sub 12 and Sub 43 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.
- (24) The earnings and profits of Sub 14, Sub 15, Sub 16, Sub 19, and any other foreign corporations that are CFCs (within the meaning of Section 957(a)) that are transferred to Sub 43, to the extent attributable to Sub 12 under Treasury Regulations §§ 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 Sub 43. Treasury Regulations § 1.1248-1(a)(1).

Internal Distribution 3

- (25) Sub 11 will not recognize any gain or loss on Internal Distribution 3. Section 361(c).
- (26) Sub 11's shareholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the stock of Sub 43 in Internal Distribution 3. Section 355(a)(1).
- (27) The basis of Sub 11's shareholder in the stock of Sub 11 and the stock of Sub 43 following Internal Distribution 3 will equal the aggregate basis of the stock of Sub 11 that the shareholder held immediately before Internal Distribution 3, allocated between the stock of Sub 11 and the stock of Sub 43 in proportion to their relative fair market values at the time of Internal Distribution 3 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (28) The holding period of Sub 11's shareholder in the stock of Sub 43 received in Internal Distribution 3 will include the holding period of the stock of Sub 11 with respect to which Internal Distribution 3 is made, provided that the shareholder holds such stock of Sub 11 as a capital asset on the date of Internal Distribution 3. Section 1223(1).
- (29) Sub 11 and Sub 43 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.

Contribution 3 and Internal Distribution 4

- (30) Contribution 3, followed by Internal Distribution 4, will be a reorganization under Section 368(a)(1)(D). Sub 8 and Sub 43 will each be "a party to the reorganization" under Section 368(b).
- (31) Sub 8 will not recognize any gain or loss on Contribution 3. Sections 361(a) and 357(a).
- (32) Sub 43 will not recognize any gain or loss on Contribution 3. Section 1032(a).
- (33) Sub 43's basis in each asset received from Sub 8 in Contribution 3 will equal the basis of such asset in the hands of Sub 8 immediately before Contribution 3. Section 362(b).

- (34) Sub 43's holding period in each asset received from Sub 8 in Contribution 3 will include the holding period during which Sub 8 held such asset. Section 1223(2).
- (35) Sub 8 will not recognize any gain or loss on Internal Distribution 4. Section 361(c).
- (36) Sub 8's shareholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the stock of Sub 43 in Internal Distribution 4. Section 355(a)(1).
- (37) The basis of Sub 8's shareholder in the stock of Sub 8 and the stock of Sub 43 following Internal Distribution 4 will equal the aggregate basis of the stock of Sub 8 that the shareholder held immediately before Internal Distribution 4, allocated between the stock of Sub 8 and the stock of Sub 43 in proportion to their relative fair market values at the time of Internal Distribution 4 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (38) The holding period of Sub 8's shareholder in the stock of Sub 43 received in Internal Distribution 4 will include the holding period of the stock of Sub 8 with respect to which Internal Distribution 4 is made, provided that the shareholder holds such stock of Sub 8 as a capital asset on the date of Internal Distribution 4. Section 1223(1).
- (39) Sub 8 and Sub 43 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.

Contribution 4 and Internal Distribution 5

- (40) For U.S. federal income tax purposes, Contribution 4, together with Internal Distribution 5, will be treated as if Sub 34 transferred the equity of Sub 40 to Sub 48 in exchange for all the equity of Sub 48, followed immediately by a distribution of all the equity of Sub 48 to Sub 6. Contribution 4, followed by Internal Distribution 5, will be a reorganization under Section 368(a)(1)(D). Sub 34 and Sub 48 will each be "a party to the reorganization" under Section 368(b).
- (41) Sub 34 will not recognize any gain or loss on Contribution 4. Sections 361(a) and 357(a).
- (42) Sub 48 will not recognize any gain or loss on Contribution 4. Section 1032(a).

- (43) Sub 48's basis in each asset received from Sub 34 in Contribution 4 will equal the basis of such asset in the hands of Sub 34 immediately before Contribution 4. Section 362(b).
- (44) Sub 48's holding period in each asset received from Sub 34 in Contribution 4 will include the holding period during which Sub 34 held such asset. Section 1223(2).
- (45) Sub 34 will not recognize any gain or loss on Internal Distribution 5. Section 361(c).
- (46) Sub 34's equityholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the equity of Sub 48 in Internal Distribution 5. Section 355(a)(1).
- (47) The basis of Sub 34's equityholder in the equity of Sub 34 and the equity of Sub 48 following Internal Distribution 5 will equal the aggregate basis of the equity of Sub 34 that the equityholder held immediately before Internal Distribution 5, allocated between the equity of Sub 34 and the equity of Sub 48 in proportion to their relative fair market values at the time of Internal Distribution 5 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (48) The holding period of Sub 34's equityholder in the equity of Sub 48 received in Internal Distribution 5 will include the holding period of the equity of Sub 34 with respect to which Internal Distribution 5 is made, provided that the equityholder holds such equity of Sub 34 as a capital asset on the date of Internal Distribution 5. Section 1223(1).
- (49) Sub 34 and Sub 48 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.
- (50) Contribution 4 will be an exchange to which Treasury Regulations §§ 1.367(b)-1(c) and 1.367(b)-4(a) apply.
- (51) No amount will be included in income as a deemed dividend equal to the Section 1248 amount under Section 367(b) as a result of Contribution 4 (Treasury Regulations § 1.367(b)-1(b) and -4(b)).
- (52) Internal Distribution 5 will be a distribution to which Treasury Regulations §§ 1.367(b)-1(c), 1.367(b)-5(a), 1.367(b)-5(c), and 1.367(b)-5(f) apply. If Sub 6's post-distribution amount, as defined

in Treasury Regulations § 1.367(b)-5(e)(2), with respect to Sub 34 or Sub 48 is less than Sub 6's pre-distribution amount, as defined in Treasury Regulations § 1.367(b)-5(e)(1), with respect to Sub 34 or Sub 48, Sub 6's basis in such equity immediately after Internal Distribution 5 must be reduced by the amount of the difference. However, Sub 6's basis in their equity must not be reduced below zero, and to the extent the foregoing reduction would have reduced basis below zero, Sub 6 must instead include such amount in income as a deemed dividend from such corporation. If Sub 6 reduces its basis in the equity of Sub 34 or Sub 48 (or has an inclusion with respect to such equity), Sub 6 shall increase its basis in the equity of the other corporation to the extent provided in Treasury Regulations § 1.367(b)-5(c)(4).

Contribution 5 and Internal Distribution 6

- (53) Contribution 5, followed by Internal Distribution 6, will be a reorganization under Section 368(a)(1)(D). Sub 32 and Sub 50 will each be "a party to the reorganization" under Section 368(b).
- (54) Sub 32 will not recognize any gain or loss on Contribution 5. Sections 361(a) and 357(a).
- (55) Sub 50 will not recognize any gain or loss on Contribution 5. Section 1032(a).
- (56) Sub 50's basis in each asset received from Sub 32 in Contribution 5 will equal the basis of such asset in the hands of Sub 32 immediately before Contribution 5. Section 362(b).
- (57) Sub 50's holding period in each asset received from Sub 32 in Contribution 5 will include the holding period during which Sub 32 held such asset. Section 1223(2).
- (58) Sub 32 will not recognize any gain or loss on Internal Distribution 6. Section 361(c).
- (59) Sub 32's shareholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the stock of Sub 50 in Internal Distribution 6. Section 355(a)(1).
- (60) The basis of Sub 32's shareholder in the stock of Sub 32 and the stock of Sub 50 following Internal Distribution 6 will equal the aggregate basis of the stock of Sub 32 that the shareholder held immediately before Internal Distribution 6, allocated between the

stock of Sub 32 and the stock of Sub 50 in proportion to their relative fair market values at the time of Internal Distribution 6 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).

- (61) The holding period of Sub 32's shareholder in the stock of Sub 50 received in Internal Distribution 6 will include the holding period of the stock of Sub 32 with respect to which Internal Distribution 6 is made, provided that the shareholder holds such stock of Sub 32 as a capital asset on the date of Internal Distribution 6. Section 1223(1).
- (62) Sub 32 and Sub 50 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.

Contribution 6 and Internal Distribution 7

- (63) Contribution 6, followed by Internal Distribution 7, will be a reorganization under Section 368(a)(1)(D). Sub 6 and Sub 52 will each be "a party to the reorganization" under Section 368(b).
- (64) Sub 6 will not recognize any gain or loss on Contribution 6. Sections 361(a) and 357(a).
- (65) Sub 52 will not recognize any gain or loss on Contribution 6. Section 1032(a).
- (66) Sub 52's basis in each asset received from Sub 6 in Contribution 6 will equal the basis of such asset in the hands of Sub 6 immediately before Contribution 6. Section 362(b).
- (67) Sub 52's holding period in each asset received from Sub 6 in Contribution 6 will include the holding period during which Sub 6 held such asset. Section 1223(2).
- (68) Sub 6 will not recognize any gain or loss on Internal Distribution 7. Section 361(c).
- (69) Sub 6's shareholder will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the stock of Sub 52 in Internal Distribution 7. Section 355(a)(1).
- (70) The basis of Sub 6's shareholder in the stock of Sub 6 and the stock of Sub 52 following Internal Distribution 7 will equal the aggregate basis of the stock of Sub 6 that the shareholder held

immediately before Internal Distribution 7, allocated between the stock of Sub 6 and the stock of Sub 52 in proportion to their relative fair market values at the time of Internal Distribution 7 in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).

- (71) The holding period of Sub 6's shareholder in the stock of Sub 52 received in Internal Distribution 7 will include the holding period of the stock of Sub 6 with respect to which Internal Distribution 7 is made, provided that the shareholder holds such stock of Sub 6 as a capital asset on the date of Internal Distribution 7. Section 1223(1).
- (72) Sub 6 and Sub 52 will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.
- (73) The earnings and profits of Sub 22, Sub 36, Sub 37, Sub 38, and Sub 48, to the extent attributable to Sub 6 under Treasury Regulations §§ 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 Sub 52. Treasury Regulations § 1.1248-1(a)(1).

The Contribution and the Distribution

- (74) For U.S. federal income tax purposes, the Contribution, together with the Distribution, will be treated as if Distributing transferred the equity of Sub 54 and Sub 53 to Controlled in exchange for all the Controlled Ordinary Shares, followed immediately by a distribution of all the Controlled Ordinary Shares to the equityholders of Distributing on a pro rata basis, subject to the payment of cash in lieu of fractional Controlled Ordinary Shares. The Contribution, followed by the Distribution, will be a reorganization under Section 368(a)(1)(D). Distributing and Controlled will each be "a party to the reorganization" under Section 368(b).
- (75) Distributing will not recognize any gain or loss on the Contribution. Sections 361(a) and 357(a).
- (76) Controlled will not recognize any gain or loss on the Contribution. Section 1032(a).

- (77) Controlled's basis in each asset received from Distributing in the Contribution will equal the basis of such asset in the hands of Distributing immediately before the Contribution. Section 362(b).
- (78) Controlled's holding period in each asset received from Distributing in the Contribution will include the holding period during which Distributing held such asset. Section 1223(2).
- (79) Distributing will not recognize any gain or loss on the Distribution. Section 361(c).
- (80) The Distributing equityholders will not recognize any gain or loss (and will not otherwise include any amount in income) upon receipt of the Controlled Ordinary Shares in the Distribution. Section 355(a)(1).
- (81) Each Distributing equityholder's basis in the Distributing Ordinary Shares and the Controlled Ordinary Shares following the Distribution will equal the aggregate basis of the Distributing Ordinary Shares that the equityholder held immediately before the Distribution, allocated between the Distributing Ordinary Shares and the Controlled Ordinary Shares in proportion to their relative fair market values at the time of the Distribution in accordance with Treasury Regulations § 1.358-2(a)(2). Section 358(c).
- (82) Each Distributing equityholder's holding period in the Controlled Ordinary Shares received in the Distribution will include the holding period of the Distributing Ordinary Shares with respect to which the Distribution is made, provided that the equityholder holds such Distributing Ordinary Shares as a capital asset on the date of the Distribution. Section 1223(1).
- (83) An equityholder who receives cash in lieu of fractional Controlled Ordinary Shares will recognize gain or loss measured by the difference between the basis of the fractional shares received and the amount of cash received. Section 1001. Any gain or loss will be treated as a capital gain or loss, provided such fractional shares of equity will be held as capital assets on the date of the Distribution. Sections 1221 and 1222.
- (84) Distributing and Controlled will allocate their earnings and profits, if any, in accordance with Section 312(h) and Treasury Regulations § 1.312-10.

- (85) Except for purposes of Section 355(g), payments made between Distributing and Controlled under the Indemnity Provisions that (i) have arisen or will arise for a taxable period ending on or before the Distribution or for a taxable period beginning before and ending after the Distribution and (ii) will not become fixed and ascertainable until after the Distribution, will be treated as occurring before the Distribution (cf. Arrowsmith v. Commissioner, 344 U.S. 6 (1952) (tax character of later transaction will derive from earlier, related transaction); Rev. Rul. 83-73, 1983-1 C.B. 84).

Caveats

Except as expressly provided herein, no opinion is expressed about: (i) the tax treatment of the Proposed Transactions or any other transactions under any provisions of the Code or Treasury Regulations, including under the international provisions of the Code, or about the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction not specifically covered by the above rulings; (ii) the federal tax consequences resulting from the complete liquidation of any partnership as part of the Proposed Transaction under any provision of the tax code including, but not limited to, sections 704(c)(1)(B), 707, 731, 737, and 751(b); (iii) whether the Distribution satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b); (iv) whether the Distribution is used principally as a device for the distribution of earnings and profits of Distributing and Controlled or both (see Section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)); and (v) whether the Distribution is part of a plan (or series of related transactions) under Section 355(e)(2)(A)(ii). Moreover, no opinion is expressed regarding whether any or all of the above-referenced foreign corporations are passive foreign investment companies within the meaning of Section 1297(a) of the Code. If it is determined that any or all of the above described foreign corporations are passive foreign investment corporations, no opinion is expressed with respect to the application of Sections 1291 through 1298 to the Proposed Transaction. In particular, in a transaction in which gain is otherwise recognized, regulations under Section 1291(f) may require gain recognition notwithstanding any other provision of the Code.

Procedural Statements

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

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

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

Sincerely,

Mark S. Jennings

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

cc: