

Sub 4 =

Regulator =

Date 1 =

Date 2 =

Business 1 =

Business 2 =

Dear :

This letter responds to a letter dated February 5, 2013, in which your authorized representatives requested rulings under §§ 1.1502-3(d)(2)(iii), 1.1502-21(f)(2), and 1.1502-22(f) of the Income Tax Regulations. The information submitted in that request is summarized below.

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. Verification of the information, representations, and other data may be required as part of the audit process.

Summary of Facts

Prior to Date1, Foreign Parent indirectly owned all of the stock of Parent 1 and directly and indirectly owned all of the stock of Parent 2. Parent 1 was the common parent of a consolidated group (the "Surviving Group"). Parent 1 indirectly owned all of the stock of Sub 1, which in turn owned all of the stock of Sub 2. Sub 1 and Sub 2 were each members of the Surviving Group.

Prior to Date 2, Parent 2 was the common parent of an consolidated group (the "Terminating Group"). Parent 2 indirectly owned all of the stock of Sub 3, which was engaged in Business 1 and Business 2. Sub 3 owned all of the stock of Sub 4. Sub 3 and Sub 4 were each members of the Terminating Group and had certain tax attributes that arose in consolidated return years of the Terminating Group. The Sub 3 and Sub 4

tax attributes that remained following the close of the Terminating Group's tax year ending on Date 1, are referred to herein as the "Loss Carryovers" and the "Tax Credit Carryovers."

Foreign Parent wanted to combine the Surviving Group and the Terminating Group (the "Integration"). It was contemplated that as part of the Integration Sub 3 and Sub 4 would merge with and into Sub 1 in statutory mergers under section 368(a)(1)(A), (the "Mergers").

The Integration required the approval of regulatory authorities, including the Regulator. The Regulator's approval of the Integration required in part that, immediately after the Mergers, Sub 1 transfer to Sub 2 all of the Business 2 assets and liabilities that were acquired in the Mergers (the "Transfer"). These assets and liabilities represented a substantial portion of Sub 3's historic assets and liabilities.

The Integration occurred on Date 1, and resulted in the termination of the Terminating Group and the creation of a SRLY subgroup, under §§ 1.1502-21(c)(2), 1.1502-22(c) and 1.1502-3(d)(2)(iii), in the Surviving Group with respect to the Loss Carryovers and Tax Credit Carryovers. As part of the Integration the Mergers occurred on Date 1, and the Transfer was completed on Date 2.

Representations

The following representation has been made with respect to the rulings requested:

1. The Transfer was implemented for the purpose of obtaining the Regulator's approval for the Integration.
2. The book value of the general account assets of the Business 2 assets contributed to Sub 2 in the Transfer exceeded the book value of Sub 2's general account assets immediately before the Transfer.

Rulings

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

1. For purposes of §§ 1.1502-21(f)(2) and 1.1502-22(f), the net positive and negative income, and net capital gains and capital losses, attributable to Sub 2, beginning after the date of the Transfer, are included in the computation of the consolidated taxable income, and consolidated capital gain net income, respectively, of the SRLY subgroup with respect to the Loss Carryovers.

2. For purposes of § 1.1502-3(d)(2)(iii), the net positive and negative contribution of Sub 2 beginning after the date of the Transfer to the consolidated section 38(c) limitation is included in the computation of the consolidated section 38 credits of the SRLY subgroup with respect to the Tax Credit Carryovers.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the federal income tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

Procedural Matters

This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this ruling letter.

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,

Lawrence M. Axelrod
Special Counsel to the Associate Chief
Counsel (Corporate)

cc: