



Partnership =

Segment A =

Segment B =

a =

b =

c =

State X =

Dear :

This letter responds to your authorized representatives' letter dated September 4, 2015, requesting a ruling on certain Federal income tax consequences of a proposed transaction (the "Proposed Transaction"). The information provided in that letter and in later correspondence is summarized below.

The ruling contained in this letter is 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 letter and the ruling contained herein are issued pursuant to section 6.03 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, 17, regarding a significant issue under section 368 and only addresses a discrete legal issue involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transaction described in this letter, or as to any issue not specifically addressed by the rulings below.

## SUMMARY OF FACTS

Oldco is a State X corporation that is publicly-traded and is the common parent of an affiliated group the includible corporations of which join in the filing of a consolidated Federal income tax return (the "Oldco Group"). Oldco directly owns all of the stock of Sub 1, Sub 2, Sub 3, and Sub 4. Sub 4 owns a% of the stock of Sub 5. An unrelated third party owns the remaining stock of Sub 5. Oldco owns b% and Sub 1 owns c% of the interest in Partnership. The Oldco Group is engaged in Segment A (through Sub 5) and Segment B (through Sub 1, Sub 2, Sub 3, and Partnership).

## PROPOSED TRANSACTION

Oldco is entering into the Proposed Transaction to facilitate the restructuring of Segment A and Segment B. The relevant steps of the Proposed Transaction are set forth below:

- (i) Oldco will form Holdco A, State X corporation.
- (ii) Holdco A will form Merger Sub, State X corporation.
- (iii) Merger Sub will merge with and into Oldco, with Oldco as the surviving legal entity and Merger Sub ceasing to exist. In the merger, the Oldco shareholders will exchange their Oldco shares for Holdco A shares. Immediately following this step, Holdco A will own all of the outstanding stock of Oldco.
- (iv) Pursuant to State X law, Oldco will convert to a limited liability company ("Old LLC") that will be treated as a disregarded entity for Federal income tax purposes. Steps (i) through (iv), collectively, are referred to as the "Potential Reorganization."
- (v) Old LLC will distribute the stock of Sub 4 to Holdco A.
- (vi) Holdco A will form Holdco B, State X corporation. Holdco A will contribute all of its interest in Old LLC to Holdco B in exchange for all of the stock of Holdco B. Holdco B will act as the holding company for Segment B.
- (vii) Old LLC will re-convert to a corporation under State X law ("Newco") and for Federal income tax purposes (the "Reincorporation").

## RULING

Based solely on the information submitted, we rule that the Reincorporation will not preclude the Potential Reorganization from otherwise qualifying as a reorganization under section 368(a)(1)(F).

## CAVEATS

No opinion is expressed or implied about the Federal income tax consequences of any other aspect of any transaction or item discussed or referenced in this letter, or the Federal income tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that are not specifically covered by the above ruling.

## PROCEDURAL STATEMENTS

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

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

Sincerely,

---

Mark J. Weiss  
Chief, Branch 2  
Office of Chief Counsel (Corporate)