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PLR-141196-14

Date:
April 01, 2015

LEGEND

Distributing Parent =

Distributing 1 =

Distributing 2 =

Distributing 3 =

Distributing 4 =

SpinCo =

Controlled 1 =

Controlled 2 =

Controlled 3 =

FDistributing 1 =

FDistributing 2 =

FDistributing 3 =

FDistributing 4 =

FDistributing 5 =

FDistributing 6 =

FDistributing 7 =

FDistributing 8 =

FDistributing 9 =

PLR-141196-14

3

FDistributing 10 =

FDistributing 11 =

FDistributing 12 =

FDistributing 13 =

FDistributing 14 =

FDistributing 15 =

FDistributing 16 =

FDistributing 17 =

FDistributing 18 =

FDistributing 19 =

FDistributing 20 =

FControlled 1 =

FControlled 2 =

FControlled 3 =

FControlled 4 =

FControlled 5 =

FControlled 6 =

FControlled 7 =

FControlled 8 =

FControlled 9 =

FControlled 10 =

FControlled 11 =

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FControlled 12 =

FControlled 13 =

FControlled 14 =

FControlled 15 =

FControlled 16 =

FControlled 17 =

FControlled 18 =

Sub 1 =

Sub 2 =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

LP =

DRE 1 =

DRE 2 =

DRE 3 =

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7

DRE 4 =

DRE 5 =

DRE 6 =

Business A =

Business B =

State A =

State B	=
State C	=
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	=
Country O	=
Country P	=
Facility	=
Type 1	=
Cash Distributions	=

Stock
Distributions =

Pension Plan =

Pension Plan Amount =

DP Indebtedness =

Remaining SpinCo
Instruments =

Historic Distributing
Parent Long-Term
Debt =

Lower-Tier
Affiliate =

Lower-Tier
Business =

Separation and
Distribution Agreement =

Lower-Tier
Distributing =

Lower-Tier
Controlled =

Lower-Tier
Contribution =

a =
b =
c =
d =
e =
f =
g =
h =
i =
i =
k =
l =
m =
n =
o =
p =
q =
r =
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w =

Dear :

This letter responds to your authorized representatives' letter dated November 3, 2014, requesting rulings on certain Federal income tax consequences of a proposed transaction (the "Proposed Transaction"). The information provided in that request and in subsequent correspondence 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, it is subject to verification on examination.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2015-1, 2015-1 I.R.B. 19, regarding one or more significant issues under sections 332, 351, 355, 368, or 1036. The rulings contained in this letter only address one or more discrete legal issues involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the rulings below.

SUMMARY OF FACTS

Distributing Parent is a State A corporation that is publicly-traded and widely held, and is the common parent of an affiliated group the includible corporations of which join in the filing a consolidated Federal income tax return (the "Distributing Parent Group"). Each of Distributing Parent, Distributing 1, Distributing 2, Distributing 3, Distributing 4, Sub 1, and Sub 2 is a member of the Distributing Parent Group. Unless otherwise stated, each entity described below is treated as a corporation for Federal income tax purposes.

Distributing Parent owns all of the stock of Distributing 1 and Distributing 2. Distributing 2 owns all of the interests in LLC 1, a State A limited liability company that is treated as a disregarded entity for Federal income tax purposes (a "DRE"), and a% of LP, a State B limited partnership that is treated as a DRE. LLC 1 owns the remaining b% of LP. Distributing 2 owns all of the voting preferred stock of Sub 1, and also owns interests in certain entities that are exclusively Business A entities and other entities that are exclusively Business B entities.

Distributing 1 owns all of the common stock of Sub 1; and all the equity of (i) Sub 2; (ii) FDistributing 1, a Country A entity; (iii) Distributing 3, a State C corporation; (iv) FSub 1, a Country B entity; (v) FDistributing 5, a Country C entity; (vi) FDistributing 6, a Country D entity; and (vii) FDistributing 7, a Country E entity.

Sub 2 owns all but \underline{c} unit of equity of FDistributing 4, a Country F entity; Distributing 3 owns the remaining \underline{c} unit of equity of FDistributing 4.

FSub 1 owns all of the equity of FSub 2, a Country B entity.

Prior to the Proposed Transaction, FDistributing 1 owned $\underline{d}\%$ of the equity of each of FDistributing 2, a Country A entity, and FDistributing 3, a Country A entity. Distributing 3 owned the remaining $\underline{e}\%$ of the equity of each of FDistributing 2 and FDistributing 3. FDistributing 2 owns all of the equity of FControlled 2, a Country A entity.

Sub 1 owns all of the stock of Distributing 4. Distributing 4 owns all of the equity of FDistributing 8, a Country G entity. FDistributing 8 owns all of the equity of FSub 3, a Country H entity; FDistributing 9, a Country G entity; FDistributing 15, a Country G entity; and FDistributing 19, a Country I entity.

FSub 3 owns all of the equity of FDistributing 14, a Country H entity. FDistributing 14 has a branch registered in Country J (the "FD14 Branch"). FDistributing 19 owns all of the equity of FDistributing 16, a Country I entity. FDistributing 16 owns all of the equity of FControlled 16, a Country I entity treated as a DRE; all but a portion of \underline{c} share of FDistributing 17, a Country K entity; and all of the membership interests of LLC 2, a State A limited liability company treated as a DRE. LLC 2 owns the remaining portion of \underline{c} share of FDistributing 17.

FControlled 16 owns all of the equity of DRE 1, a Country L entity treated as a DRE. DRE 1 owns all of the equity of FDistributing 18, a Country L entity, and FSub 4, a Country L entity.

FDistributing 9 owns $\underline{f}\%$ of the equity of FDistributing 11, a Country M entity; $\underline{h}\%$ of the equity of FDistributing 20, a Country N entity; and all of the equity of FDistributing 13, a Country O entity. Sub 1 owns the remaining $\underline{g}\%$ of FDistributing 11. Distributing 1 owns the remaining $\underline{i}\%$ of FDistributing 20.

FDistributing 11 owns $\underline{j}\%$ of the equity of FDistributing 12, a Country M entity; FDistributing 15 owns the the remaining $\underline{k}\%$ of FDistributing 11.

FDistributing 20 owns all of the equity of FDistributing 10, a Country N entity, all of the equity of FSub 5, a Country N entity, and all of the equity of DRE 4, a Country N entity.

PROPOSED TRANSACTION

Distributing Parent is entering into the Proposed Transaction in order to distribute Business A to its public shareholders. The relevant steps of the Proposed Transaction are set forth below:

Country O Restructuring

- (i) FDistributing 9 purchased from a third party a new Country O shelf company, FCcontrolled 13, that at no time prior to this Step (i): (i) held assets other than minimum capitalization, or (ii) had previous operations.
- (ii) FDistributing 13 will transfer its Country O Business A to FControlled 13, with FDistributing 9 receiving additional FControlled 13 shares as consideration, and FControlled 13 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (ii), together with Step (i), the “Country O Restructuring”).

Country M (FDistributing 12) Restructuring

- (iii) FDistributing 11 and FDistributing 15 formed a new Country M entity, FControlled 12, in proportion to their ownership of FDistributing 12, and FControlled 12 elected under Treas. Reg. § 301.7701-3 to ensure it was treated as a corporation for Federal income tax purposes effective upon its formation.
- (iv) FDistributing 12 will transfer its Country M Business A to FControlled 12, with FDistributing 11 and FDistributing 15 receiving FControlled shares in proportion to their ownership of FDistributing 12 (this Step (iv), together with Step (iii), the “Country M (FDistributing 12) Restructuring”).

Country M (FDistributing 11) Restructuring

- (v) Sub 1 and FDistributing 9 formed a new Country M entity, FControlled 11, which is treated as a corporation for Federal income tax purposes, in proportion to their ownership of FDistributing 11.
- (vi) FDistributing 11 will transfer its Country M Business A to FControlled 11, including all of the FControlled 12 shares received in Step (iv), with Sub 1 and FDistributing 9 receiving FControlled 11 shares in proportion to their ownership of FDistributing 11 (this Step (vi), together with Step (v), the “Country M (FDistributing 11) Restructuring”).

Country N Restructuring

(vii)

- (a) Distributing 1 established, with minimum required capital, a new Country G entity, DRE 2, which elected under Treas. Reg. § 301.7701-3 to ensure it was treated as a DRE of Distributing 1 effective upon its formation.
- (b) FDistributing 9 established, with minimum required capital, a new Country G entity, DRE 3, which elected under Treas. Reg. § 301.7701-3 to ensure it was treated as a DRE of FDistributing 9 effective upon its formation.
- (c) FDistributing 20 formed, with minimum capital, a new entity under the laws of Country N, FControlled 10, and FControlled 10 elected under Treas. Reg. § 301.7701-3 to ensure it was treated as a corporation for Federal income tax purposes effective upon its formation.
- (d) FDistributing 20 will contribute a portion of its interests in DRE 4 to FSub 5.

(viii)

- (a) DRE 2 will buy shares in FDistributing 10 from FDistributing 20 with a fair market value expected to equal l percent of the fair market value of the Country N Business A (the “Returned DRE 2 FDistributing 10 Shares”) in exchange for a note (the “DRE 2 Note”).
- (b) DRE 3 will buy shares in FDistributing 10 from FDistributing 20 with a fair market value expected to equal m percent of the fair market value of the Country N Business A (the “Returned DRE 3 FDistributing 10 Shares,” and together with the Returned DRE 2 FDistributing 10 Shares, the “Returned FDistributing 10 Shares”) in exchange for a note (the “DRE 3 Note”).
- (c) Before FControlled 10 has assets other than those relating to minimum capitalization, FDistributing 20 will transfer shares of FControlled 10 to DRE 2 and DRE 3 for nominal consideration, which will be included in the DRE 2 Note and the DRE 3 Note, respectively.

(ix) Under Country N reorganization law, FDistributing 10 will transfer the Country N Business A to FControlled 10.

(x)

- (a) DRE 2 will transfer the Returned DRE 2 FDistributing 10 Shares to FDistributing 20 in exchange for shares in FControlled 10.

- (b) DRE 3 will transfer the Returned DRE 3 FDistributing 10 Shares to FDistributing 20 in exchange for shares in FControlled 10.
- (xi) FDistributing 20 will distribute the DRE 2 Note and the DRE 3 Note to Distributing 1 and FDistributing 9, respectively.
- (xii)
 - (a) Distributing 1 will contribute the DRE 2 Note to DRE 2 in cancellation of the DRE 2 Note.
 - (b) FDistributing 9 will contribute the DRE 3 Note to DRE 3 in cancellation of the DRE 3 Note (this Step (xii), together with Steps (viii) and (xi), the “Country N Circular Note Flow,” and this Step (xii), together with Steps (vii) through (xi), the “Country N Restructuring”).
- (xiii) As soon as practicable following the Initial External Distribution (defined below) (i) Distributing 1 will transfer DRE 2 to Controlled 1 and (ii) FDistributing 9 will transfer DRE 3 to FControlled 9, in each case for no consideration (the “Delayed FControlled 10 Transfers”).

FControlled 9 Spin-Off

- (xiv) FDistributing 9 formed a new Country G entity, FControlled 9.
- (xv) Pursuant to a Country G business merger, FDistributing 9 will contribute Business A assets, including the shares of FControlled 13 and FControlled 11, received in Steps (ii) and (vi), respectively, to FControlled 9 in exchange for FControlled 9 shares, and FControlled 9 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of the distribution described below in Step (xvi) (such contribution, the “FControlled 9 Contribution”).
- (xvi) FDistributing 9 will distribute all of the FControlled 9 shares to FDistributing 8 (this Step (xvi), together with Step (xv), the “FControlled 9 Spin-Off”).

Country L Restructuring

- (xvii)
 - (a) FDistributing 16 purchased from a third party a new Country L shelf company, DRE 5, that at no time prior to this Step (xvii)(a): (i) held assets other than minimum capitalization or (ii) had previous operations. DRE 5

will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a DRE of FDistributing 16.

- (b) FDistributing 16 will transfer all of the interests in DRE 5 to FControlled 16.
- (c) DRE 1 purchased from a third party a new Country L shelf company, FControlled 18, that at no time prior to this Step (xvii)(c): (i) has held assets other than minimum capitalization or (ii) had previous operations.

(xviii)

- (a) FDistributing 18 will transfer its Business A to FControlled 18, and FControlled 18 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xviii), together with Step (xvii), the “Country L Restructuring”).
- (b) DRE 1 will effect a partial demerger, transferring the interests in FDistributing 18 to DRE 5.
- (c) FControlled 16 will transfer all of the interests in DRE 5 to FDistributing 16 for no consideration.

Country K Restructuring

- (xix) FDistributing 16 and LLC 2 formed a new entity under the laws of Country K, FControlled 17, in proportion to their ownership of FDistributing 17.
- (xx) FDistributing 17 will effect a partial demerger, pursuant to which FDistributing 17 will transfer its Business A to FControlled 17, and FControlled 17 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xx), together with Step (xix), the “Country K Restructuring”).

First and Second FControlled 16 Spin-Offs

(xxi)

- (a) Prior to Step (xxi)(b), LLC 2 will transfer its portion of c share in FControlled 17 to FDistributing 16.
- (b) FDistributing 16 will contribute to FControlled 16 its Business A not otherwise already held, directly or indirectly, by FControlled 16, including (i) certain operational assets and liabilities, (ii) FDistributing 16’s stock in FControlled 17, and (iii) interests in various Business A entities.

- (c) FControlled 16 will elect under Treas. Reg. § 301.7701-3 to be treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of the distribution described below in Step (xxii), but in all events after the date(s) of the transactions described above in Steps (xvii) and (xviii) (the “FControlled 16 Contribution”).
- (xxii) FDistributing 16 will distribute all of the shares of FControlled 16 to FDistributing 19 (the “FControlled 16 Distribution,” and together with the FControlled 16 Contribution, the “First FControlled 16 Spin-Off”).
- (xxiii) FDistributing 19 will distribute all of the shares of FControlled 16 to FDistributing 8 (the “Second FControlled 16 Spin-Off”).

Country G Restructuring

- (xxiv) FDistributing 8 formed a new Country G entity, FControlled 15.
- (xxv) FDistributing 15 will effect a partial demerger, transferring to FControlled 15 all of its Business A, including the Country G Business A distributor assets and liabilities and its minority interest in FControlled 12, with FDistributing 8 receiving additional FControlled 15 shares as consideration, and FControlled 15 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xxv), together with Step (xxiv), the “Country G Restructuring”).

Country H Restructuring

- (xxvi) FDistributing 8 established a new Country H entity, FControlled 14. FControlled 14 registered a new Country J branch (“FC14 Branch”).
- (xxvii) FSub 3 will dissolve pursuant to a process that could take up to n-to-o months, resulting in the distribution of the shares of FDistributing 14 to FDistributing 8 (the “FSub 3 Dissolution”).
- (xxviii) If the FSub 3 Dissolution is not complete prior to Step (xxx), FSub 3 will elect under Treas. Reg. § 301.7701-3 to be treated as a DRE of FDistributing 8 with an effective date on or prior to the date of Step (xxix) (“FSub 3 DRE” and such election, the “FSub 3 CTB Election”). The FSub 3 Dissolution, standing alone, or together with any FSub 3 CTB Election, is hereinafter referred to as the “FSub 3 Liquidation.”

- (xxix) In the event of the FSub CTB Election, and prior to Step (xxx)(a), FSub 3 DRE will distribute the stock of FDistributing 14 to FDistributing 8.
- (xxx)
- (a) FDistributing 14 will transfer its Country H Business A to FControlled 14, and FD14 Branch will transfer its Country J Business A to FC14 Branch, with FDistributing 14 receiving an FControlled 14 note (the “FControlled 14 Note”) as consideration. FControlled 14 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of the first of such transfers.
- (b) FDistributing 14 will distribute the FControlled 14 Note to FDistributing 8.
- (c) FDistributing 8 will contribute the FControlled 14 Note to FControlled 14, thus extinguishing the FControlled 14 Note (this Step (xxx), the “Country H Circular Note Flow” and together with Step (xxvi), the “Country H Restructuring”).
- (xxxi) FDistributing 8 established a new Country H entity, DRE 6, that elected under Treas. Reg. § 301.7701-3 to be treated as a DRE of FDistributing 8 effective upon its formation.
- (xxxii) FDistributing 8 will transfer all of the issued and outstanding ordinary shares in FControlled 14 to DRE 6.

FControlled 8 Spin-Off

- (xxxiii) Pursuant to a Country G business merger, FDistributing 8 will contribute to a newly formed Country G entity, FControlled 8, all of its Business A, including the stock of FControlled 9, FControlled 16, FControlled 15, and the interests in DRE 6, in exchange for shares of FControlled 8 stock and the assumption by FControlled 8 of certain liabilities, and FControlled 8 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of the distribution described below in Step (xxxiv) (the “FControlled 8 Contribution”).
- (xxxiv) FDistributing 8 will distribute all of the stock of FControlled 8 to Distributing 4 (the “First FControlled 8 Spin-Off”).
- (xxxv) Sub 2 will liquidate (the “Sub 2 Liquidation,” and together with the FSub 3 Liquidation, the “Liquidations”).

Country F Restructuring

(xxxvi)

- (a) Distributing 1 formed a new entity under the laws of Country F, FControlled 4.
- (b) Prior to Step (xxxvii), Distributing 3 and Distributing 1 will contribute to FControlled 4 nominal amounts of cash in exchange for c share and additional shares of FControlled 4 respectively, to replicate the existing ownership structure of FDistributing 4.

(xxxvii) FDistributing 4 will transfer the Country F Business A to FControlled 4 for no consideration, and FControlled will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xxxvii), together with Step (xxxvi), the “Country F Restructuring”).

(xxxviii) Following the Country F Restructuring, Distributing 3 will distribute its c share of FControlled 4 stock to Distributing 1.

FDistributing 6 Spin-Off

(xxxix) FDistributing 6 will contribute the Country D Business A to a new entity established under the laws of Country D, FControlled 6, which will be treated as a corporation for Federal income tax purposes, in exchange for all of the shares of FControlled 6 and the assumption of certain liabilities by FControlled 6 (the “FControlled 6 Contribution”).

(xl) FDistributing 6 will distribute all of the stock of FControlled 6 to Distributing 1 (the “FControlled 6 Distribution,” and together with the FControlled 6 Contribution, the “FControlled 6 Spin-Off”).

Country A (FDistributing 3) Restructuring/Country A (FDistributing 1) Restructuring

(xli) FDistributing 3 and FDistributing 2 each redeemed from Distributing 3 the e-percent minority interest that Distributing 3 held with respect to FDistributing 3 and FDistributing 2.

(xlii) Distributing 1 formed a new entity under the laws of Country A, FControlled 1.

(xlili) FDistributing 1 formed a new entity under the laws of Country A, FControlled 3.

(xliv)

- (a) FDistributing 2 will effect a partial demerger, transferring its Country A Business B (including the Business B Facility) to FControlled 2, in exchange for additional shares of FControlled 2.
 - (b) In connection with the partial demerger, FDistributing 2 will distribute all of the stock of FControlled 2 to FDistributing 1 (the “FControlled 2 Spin-Off”).
- (xlv) FDistributing 3 will effect a partial demerger, transferring its Country A Business A to FControlled 3, and FControlled 3 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xlv), together with Step (xliii), the “Country A (FDistributing 3) Restructuring”).
- (xlvi) After Steps (xlv)(b) and (xlv), FDistributing 1 will effect a partial demerger, transferring all of the stock of FDistributing 2 and FControlled 3 to FControlled 1, and FControlled 1 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective date on or prior to the date of such transfer (this Step (xlvi), together with Step (xlii), the “Country A (FDistributing 1) Restructuring”).

Country E Restructuring

- (xlvii)
 - (a) Distributing 1 formed a new State A limited liability company, LLC 3, that is treated as a DRE of Distributing 1.
 - (b) In exchange for interests in LLC 3, Distributing 1 will transfer cash in an amount equal to the fair market value of FDistributing 7’s Business A (the “Country E Cash”) directly to a segregated account in the name of LLC 3.
- (xlviii)
 - (a) LLC 3 formed a new entity under the laws of Country E, FControlled 7.
 - (b) In exchange for FControlled 7 shares, LLC 3 will transfer the Country E Cash from the segregated account of LLC 3 directly to a segregated account in the name of FControlled 7.
- (xlix) FDistributing 7 will transfer its Country E Business A to FControlled 7 in exchange for the Country E Cash that is transferred from the segregated account of FControlled 7 directly to a segregated account in the name of FDistributing 7, and FControlled 7 will elect under Treas. Reg. § 301.7701-3 to ensure it is treated as a corporation for Federal income tax purposes with an effective on or prior to the date of such transfer.

- (l) FDistributing 7 will distribute to Distributing 1 the Country E Cash from the segregated account of FDistributing 7 (the transfers of the Country E Cash pursuant Step (xlvii)(b), Step (xlviii)(b), Step (xlix), and this Step (l), the “Country E Circular Cash Flow,” and this Step (l), together with Steps (xlvii) through (xlix), the “Country E Restructuring”). The Country E Circular Cash Flow, together with the Country H Circular Note Flow, are referred to herein collectively as the “Returned Consideration Transactions.” The Country E Restructuring, together with the Country F Restructuring, the Country L Restructuring, the Country M (FDistributing 12) Restructuring, the Country M (FDistributing 11) Restructuring, the Country O Restructuring, the Country A (FDistributing 3) Restructuring, the Country A (FDistributing 1) Restructuring, the Country G Restructuring, the Country K Restructuring, and the Country H Restructuring are referred to herein collectively as the “In-Substance Spin-Offs,” and each individually as an “In-Substance Spin-Off.”

Correspondingly, each of (i) (A) FDistributing 4 (with respect to the Country F Restructuring), (B) FDistributing 18 (with respect to the Country L Restructuring), (C) FDistributing 12 (with respect to the Country M (FDistributing 12) Restructuring), (D) FDistributing 13 (with respect to the Country O Restructuring), (E) FDistributing 11 (with respect to the Country M (FDistributing 11) Restructuring), (F) FDistributing 3 (with respect to the Country A (FDistributing 3) Restructuring), (G) FDistributing 1 (with respect to the Country A (FDistributing 1) Restructuring), (H) FDistributing 15 (with respect to the Country G Restructuring), (I) FDistributing 17 (with respect to the Country K Restructuring), (J) FDistributing 7 (with respect to the Country E Restructuring), and (K) FDistributing 14 (with respect to the Country H Restructuring) is an “In-Substance Transferor”; and each of (ii) (A) FControlled 4 (with respect to the Country F Restructuring), (B) FControlled 18 (with respect to the Country L Restructuring), (C) FControlled 12 (with respect to the Country M (FDistributing 12) Restructuring), (D) FControlled 13 (with respect to the Country O Restructuring), (E) FControlled 11 (with respect to the Country M (FDistributing 11) Restructuring), (F) FControlled 3 (with respect to the Country A (FDistributing 3) Restructuring), (G) FControlled 1 (with respect to the Country A (FDistributing 1) Restructuring), (H) FControlled 15 (with respect to the Country G Restructuring), (I) FControlled 17 (with respect to the Country K Restructuring), (J) FControlled 7 (with respect to the Country E Restructuring), and (K) FControlled 14 (with respect to the Country H Restructuring) is an “In-Substance Transferee.”

U.S. (Distributing 3)

- (li) Distributing 3 will contribute the Type 1 assets of its Business A and any other Business A assets to a new State A corporation, Controlled 3, in actual or

constructive exchange for Controlled 3 stock and the assumption by Controlled 3 of certain liabilities.

- (lii) Distributing 3 will distribute all of its Controlled 3 stock to Distributing 1 (the “Controlled 3 Spin-Off”).

U.S. (Sub 1)

- (liii)
 - (a) Distributing 1 formed a new State A limited liability company, LLC 4, which is treated as a DRE of Distributing 1.
 - (b) Sub 1 will merge into LLC 4, with Distributing 2 receiving a new class of Distributing 1 common stock that does not participate in the Controlled 1 Spin-Off (defined below in Step (Ixiv)) (the “Sub 1 Merger”).
 - (c) LLC 4 may contribute its Country P Business B to a new State A corporation, which will register a branch in Country P.

Country C Restructuring

- (liv) Distributing 1 formed a new State A limited liability company, Controlled 1, which is treated as a DRE of Distributing 1.
- (lv) Controlled 1 formed FControlled 5 under the laws of Country C.
- (lvi) Distributing 1 will subscribe for ordinary member interests in Controlled 1 in consideration for a promissory note (the “Distributing 1 Note”).
- (lvii) FDistributing 5 will amend its articles of incorporation to authorize the issuance of new shares of common stock (the “New FDistributing 5 Common Shares”) and shares of preferred stock (the “FDistributing 5 Preferred Shares”) having a redemption price equal to the fair market value of FDistributing 5’s shares multiplied by the ratio of the fair market value of all of FDistributing 5’s Business A assets to the fair market value of all of FDistributing 5’s assets, and Distributing 1 will exchange its existing shares of FDistributing 5 common stock for the New FDistributing 5 Common Shares and the FDistributing 5 Preferred Shares.
- (lviii) Distributing 1 will transfer the FDistributing 5 Preferred Shares to FControlled 5, FControlled 5 will issue shares of its common stock to Controlled 1, and Controlled 1 will issue its membership interests to Distributing 1.

- (lix) FDistributing 5 will transfer its Business A assets to FControlled 5 in consideration for shares of preferred stock of FControlled 5 (the “FControlled 5 Preferred Shares”) and the assumption by FControlled 5 of certain of FDistributing 5’s liabilities.
- (lx) FDistributing 5 will purchase the FDistributing 5 Preferred Shares from FControlled 5 for a promissory note (the “FDistributing 5 Note”), FControlled 5 will purchase the FControlled 5 Preferred Shares from FDistributing 5 for a promissory note (the “FControlled 5 Note”), and the FDistributing 5 Note and the FControlled 5 Note will be set off (whether or not the notes are equal in principal amount).
- (lxi) After Step (lix), but prior to the time that Controlled 1 is treated as a corporation pursuant to the election described in Step (lxiii), Controlled 1 will distribute the Distributing 1 Note to Distributing 1 (Steps (lv) through (lxi) collectively, the “Country C Restructuring”).

U.S. (Distributing 1)

- (lxii) Distributing 4 will distribute all of the stock of FControlled 8 received in Step (xxxiv) to LLC 4 (the “Second FControlled 8 Spin-Off”). LLC 4, in turn, will distribute to Distributing 1 all of the stock of FControlled 8 and its minority interest in FControlled 11 received as a result of Steps (vi) and (liii)(b) “Disregarded Distribution”).
- (lxiii)
 - (a) Distributing 1 will contribute all of its Business A (including its stock or interests of FControlled 8, FControlled 4, FControlled 6, FControlled 1, LLC 3, Controlled 3, and its minority interest in FControlled 11 received in Step (liii)(b)) to Controlled 1, and Controlled 1 will elect under Treas. Reg. § 301.7701-3 to be treated as a corporation for Federal income tax purposes on or prior to the date of the distribution described below in Step (lxiv) (the “Controlled 1 Contribution”).
- (lxiv) Distributing 1 will distribute all of its Controlled 1 membership interests to Distributing Parent (the “Controlled 1 Spin-Off”).

U.S. (Distributing 2)

- (lxv) Distributing 2 will contribute (i) all of its interests in LLC 1 and LP and (ii) all of its other Business A to a new State A corporation, Controlled 2, in actual or constructive exchange for Controlled 2 stock and the assumption by Controlled 2 of certain liabilities of Distributing 2, excluding any portion of the debt owed by Distributing 2 to Distributing Parent (the “Distributing 2 Debt”).

(lxvi)

- (a) Distributing 2 will transfer no more than p percent of the Controlled 2 stock to Distributing Parent in repayment of a portion of the Distributing 2 Debt, none of which will have been incurred in connection with the Proposed Transaction, in a value-for-value exchange (the “Controlled 2 Stock Exchange”).
- (b) Distributing 2 will distribute its remaining outstanding Controlled 2 stock to Distributing Parent (the “Controlled 2 Spin-Off” and together with the In-Substance Spin-Offs, the Country C Restructuring, the Country N Restructuring, the FControlled 9 Spin-Off, the First FControlled 16 Spin-Off, the Second FControlled 16 Spin-Off, the First FControlled 8 Spin-Off, the Second FControlled 8 Spin-Off, the FControlled 7 Spin-Off, the Controlled 3 Spin-Off, and the Controlled 1 Spin-Off, collectively, the “Lower-Tier Distributions”).

U.S. (Distributing Parent)

(lxvii)

- (a) Pursuant to the Separation and Distribution Agreement, and possibly in two or more transactions, Distributing Parent will contribute its Business A assets, including its stock and interests in Controlled 1 and Controlled 2, to SpinCo, a newly formed State A corporation, in exchange for cash (an amount of cash equal to the cash received, the “Cash Amount”), SpinCo debt, the assumption by SpinCo of certain liabilities of Distributing Parent, and actual or constructive SpinCo stock (the first such contribution, the “Initial SpinCo Contribution” and any subsequent contributions, collectively, the “Subsequent SpinCo Contributions,” together with the Initial SpinCo Contribution, the “SpinCo Contributions,” and together with the FControlled 8 Contribution and the Controlled 1 Contribution, the “Reincorporation Contributions”). The consideration received by Distributing Parent from SpinCo pursuant to the SpinCo Contributions may be transferred by SpinCo to Distributing Parent at various times beginning on the date of the Initial SpinCo Contribution. SpinCo may borrow all or a portion of the Cash Amount from third party lenders in connection with the Initial SpinCo Contribution. Distributing Parent will not segregate or otherwise trace the cash received from SpinCo as part of the SpinCo Contributions and, as such, may use cash from any source and without the need to identify or distribute any earnings attributable to the Cash Amount.

The SpinCo debt to be issued to Distributing Parent in partial consideration for the SpinCo Contributions would consist of two general

categories, and each such category of debt would be exchanged by Distributing Parent for DP Indebtedness (the “Debt Exchange”). The first category would consist of SpinCo debt with a term to maturity of at least q years and r months (the “Long-Term SpinCo Instruments”). The second category would consist of the Remaining SpinCo Instruments that would be exchanged in the Debt Exchange for the Historic Distributing Parent Long-Term Debt. The Long-Term SpinCo Instruments and the Remaining SpinCo Instruments are collectively referred to herein as the “SpinCo Instruments.”

- (b) Following the Initial SpinCo Contribution, Distributing Parent may (i) tender for certain DP Indebtedness to be exchanged for SpinCo Instruments (the “Direct Exchange”), and (ii) effectuate the Debt Exchange, prior to the Initial External Distribution, through the exchange of all or a portion of the SpinCo Instruments with certain financial institutions (the “Financial Institutions”) that will have purchased DP Indebtedness (such acquisition, the “Third Party Tender” and such debt, the “Third Party Tender Debt”).
- (c) Distributing Parent intends to tender for cash certain other DP Indebtedness (the “Distributing Parent Tender”), and Distributing Parent intends to exercise its call right to acquire certain DP Indebtedness that is callable pursuant to its terms (the “Make-Whole Call”).
- (d) Distributing Parent will distribute at least s percent of the SpinCo common stock pro rata to the Distributing Parent shareholders (the “Initial External Distribution” and any SpinCo common stock not distributed in the Initial External Distribution, the “Remainder Stock”).
- (e) Following the Initial SpinCo Contribution, and in all events within t months following the date of the Initial External Distribution (the “ t -Month Period”), Distributing Parent will transfer the Cash Amount to (i) its shareholders through Cash Distributions and/or (ii) its creditors in full or partial satisfaction of DP Indebtedness. These creditors may include members of Distributing Parent’s affiliated group within the meaning of Section 1504(a), without regard to Section 1504(b) (the “Intercompany Creditors” which term includes Distributing Parent with respect to the Controlled 2 Stock Exchange described in Step (Ixvi)(a)), and creditors who participate in the Distributing Parent Tender and the Make-Whole Call. In the case of any Cash Amount transferred to Intercompany Creditors, the Intercompany Creditors will distribute such Cash Amount to third-party creditors within the t -Month Period. In addition, Distributing Parent may transfer a portion of the Cash Amount to the Pension Plan. The transfers of the Cash Amount described in this Step (Ixvii)(e), are referred to collectively as the “Cash Amount Purge.”

- (f) Taking into account market conditions and sound business judgment, Distributing Parent intends to transfer within the \underline{t} -Month Period the Remainder Stock as follows: (i) to creditors to retire outstanding DP Indebtedness, including (A) Third Party Tender Debt and (B) debt held by Intercompany Creditors, and (ii) to the Pension Plan (all such exchanges under (i) and (ii), the “Stock-for-Debt Exchanges”), and (iii) to the extent not transferred in Stock-for-Debt Exchanges, to shareholders of Distributing Parent through Stock Distributions. In the case of any Remainder Stock transferred to Intercompany Creditors, the Intercompany Creditors will distribute such Remainder Stock to third-party creditors within the \underline{t} -Month Period. The transfers of the Remainder Stock described in this Step (Ixvii)(f) are collectively referred to as the “Subsequent Distributions.” The SpinCo Contributions, the Cash Amount Purge, the Debt Exchange, the Initial External Distribution, and the Subsequent Distributions, are collectively referred to as the “External Spin-Off.”
- (g) In the event that Distributing Parent determines that market conditions and sound business judgment do not support the disposition of any portion or all of the Remainder Stock during the \underline{t} -Month Period as described in Step (Ixvii)(f), Distributing Parent will thereafter dispose of any remaining shares of the Remainder Stock (collectively, the “Remaining Dispositions”). All Remaining Dispositions will occur as soon as practicable, taking into account market conditions and sound business judgment, but in no event later than five years after the Initial External Distribution.

Debt Exchange and Stock-for-Debt Exchanges

The Financial Institutions will purchase the Third Party Tender Debt at least \underline{u} days before the Debt Exchange and each of the Stock-for-Debt Exchanges. No sooner than \underline{v} days after each such Third Party Tender Debt purchase, Distributing Parent and the Financial Institutions expect to enter into agreements regarding the Debt Exchange pursuant to which the parties will exchange an amount of the Third Party Tender Debt for (i) SpinCo Instruments and/or (ii) a portion or all of the Remainder Stock as part of the Stock-for-Debt Exchanges (collectively, the “Exchange Agreements”).

It is expected that the Financial Institutions (including their affiliates) will solicit non-binding offers from third parties for the purchase of the SpinCo Instruments and the Remainder Stock to be acquired pursuant to the Debt Exchange and the Stock-for-Debt Exchanges. Such solicitations would be expected to occur during (and perhaps before) the period the Financial Institutions acquire the Third Party Tender Debt. Distributing Parent anticipates that, shortly following the Debt Exchange or the Stock-for-Debt

Exchanges, the Financial Institutions would sell any SpinCo Instruments and Remainder Stock received by them pursuant to such non-binding offers.

Delayed Asset Transfers

In connection with the Proposed Transaction, Distributing Parent and its affiliates, on the one hand, and SpinCo and its affiliates, on the other hand, will enter into agreements which will provide that any Business A assets or liabilities, which have not been transferred: (i) by Distributing Parent to SpinCo (or certain Business B assets or liabilities which will not have been transferred by SpinCo to Distributing Parent) prior to the Initial External Distribution or (ii) by a Lower-Tier Distributing to a Lower-Tier Controlled (or certain Business B assets or liabilities which will not have been transferred by a Lower-Tier Controlled to the corresponding Lower-Tier Distributing) prior to the relevant Lower-Tier Distribution because of regulatory, contractual restrictions, or other business considerations, will be transferred at a subsequent time (such transfers, other than the Delayed FControlled 10 Transfers, the "Delayed Asset Transfers"). Such agreements (i) may include operating agreements with respect to such assets prior to their transfer and (ii) also will address the Delayed FControlled 10 Transfers described in step (xiii).

REPRESENTATIONS

(a) Distributing Parent's plan to transfer less than all of the SpinCo stock to its shareholders is motivated by its desire to establish an efficient and nontaxable, cost effective manner an appropriate capital structure for each of Distributing Parent and SpinCo. In particular, the dedication of the Remainder Stock to reduce, directly or indirectly, the Distributing Parent indebtedness during the 12-Month Period will meaningfully address Distributing Parent's liquidity management considerations.

(b) None of Distributing Parent's officers will serve as an officer of SpinCo as long as Distributing Parent retains the Remainder Stock. Distributing Parent expects certain individuals to serve as directors of each of Distributing Parent and SpinCo. Any such individual will be subject to an election for director of SpinCo by the SpinCo shareholders within months following the External Spin-Off. These individuals will constitute a minority of each board of directors and are intended to (i) facilitate the complete separation of Distributing Parent and SpinCo by efficiently addressing issues created by the continuing arrangements between the corporations that necessarily will extend for some period after the External Spin-Off, (ii) reduce recruiting needs for new directors and to the extent directors will be replaced, allow for efficient recruiting of replacement directors, (iii) provide Distributing Parent and SpinCo access to the experience of the shared directors, and (iv) benefit separately each of Distributing Parent and SpinCo by maintaining relationships between management and the board of directors that were developed over the years. The overlap of directors is not inconsistent with any of the corporate business purposes motivating the External Spin-

Off.

(c) Distributing Parent will effect any Subsequent Distributions within the t -Month Period; should Distributing Parent continue to own any Remainder Stock after such time, Distributing Parent will complete the Remaining Dispositions with respect to any Remainder Stock as soon as practicable, taking into account market conditions and sound business judgment, following the t -Month Period, but in no event later than five years after the Initial External Distribution.

(d) Distributing Parent will vote, or cause to be voted, the Remainder Stock in proportion to the votes cast by SpinCo's other shareholders and Distributing Parent may grant a proxy to SpinCo to effectuate such voting.

(e) There is no plan for the early redemption, directly or indirectly, of any portion of the Long-Term SpinCo Instruments.

(f) SpinCo has no plan or intention to enter into a transaction that might result in the Long-Term SpinCo Instruments potentially becoming due prior to their maturity date.

(g) The Distributing 2 Debt is indebtedness for Federal income tax purposes.

RULINGS

Based solely on the information submitted and the representations set forth above, and provided that the relevant transaction otherwise qualifies under sections 368(a)(1)(D) and 355, we rule as follows:

(1) Distributing Parent's continuing ownership of the Remainder Stock until its disposition within five years of the Initial External Distribution will not be in pursuance of a plan having as one of its principal purposes the avoidance of Federal income tax for purposes of section 355(a)(1)(D)(ii).

(2) The Cash Amount Purge will be treated as being distributed pursuant to the External Spin-Off plan of reorganization for purposes of sections 361(b)(1)(A) and 361(b)(3).

(3) The Subsequent Distributions will be treated as being distributed pursuant to the External Spin-off plan of reorganization for purposes of sections 361(c)(1) and 361(c)(3).

(4) The Pension Plan will be treated as a creditor of Distributing Parent to the extent of the Pension Plan Amount for purposes of sections 361(b)(3) and 361(c)(3).

(5) Transfers of the Cash Amount to the Intercompany Creditors will be treated as transfers to a creditor of Distributing Parent for purposes of sections 361(b)(3).

(6) The adjusted bases of all the property contributed by Distributing Parent to SpinCo in each of the Initial SpinCo Contribution and the Subsequent SpinCo Contributions will be taken into account for purposes of determining the basis limitation applicable with respect to all of the transfers of money and other property by Distributing Parent to its creditors under section 361(b)(3) and for purposes of determining Distributing Parent's basis in its SpinCo stock.

(7) Transfers of the Remainder Stock to the Intercompany Creditors pursuant to the Stock-for-Debt Exchanges will be treated as transfers to creditors for purposes of section 361(c)(3).

(8) The SpinCo Instruments will constitute "securities" for purposes of sections 355 and 361.

(9) The involvement of the Financial Institutions in the Third Party Tender, the Debt Exchange and the Stock-for-Debt Exchanges will not preclude the application of section 361(c)(3) to the Debt Exchange or the Stock-for-Debt Exchanges.

(10) Any payments made from Distributing Parent to SpinCo, or vice-versa, that are made following the Initial External Distribution pursuant to the Separation and Distribution Agreements regarding liabilities, indemnities, or other obligations that (i) have arisen or will arise for a taxable period ending on or before the date of the Initial External Distribution or for a taxable period beginning on or before but ending after the date of the Initial External Distribution and (ii) will not have become fixed and ascertainable until after the Initial External Distribution, will be treated as occurring immediately before the date of the Initial External Distribution. See Arrowsmith v. Commissioner, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84.

(11) The Delayed Asset Transfers (i) between Distributing Parent and SpinCo will be treated as occurring on the same date as the SpinCo Contributions, and (ii) between a Lower-Tier Distributing and a Lower-Tier Controlled will be treated as occurring on the same date as the relevant Lower-Tier Contribution. Section 1.368-2(g). See Rev. Rul. 83-73, 1983-1 C.B. 84.

(12) Each of the Sub 1 Merger, the Second FControlled 8 Spin-Off, and the Disregarded Distribution will be treated as occurring at the time each such transaction occurs as a matter of applicable local law.

(13) The transfer of the not more than p percent of Controlled 2 stock to Distributing Parent in the Controlled 2 Stock Exchange will be treated as a transfer to a creditor of Distributing 2 for purposes of section 361(c)(3).

(14) None of the Reincorporation Contributions will preclude any of the Liquidations from qualifying as a complete liquidation within the meaning of section 332.

(15) The Returned Consideration Transactions are circular and therefore will be disregarded for Federal income tax purposes. See Rev. Rul. 83-142, 1983-2 C.B. 68; Rev. Rul. 78-397, 1978-2 C.B. 150.

(16) Each In-Substance Spin-Off will be treated as if the In-Substance Transferor had (i) contributed its Business A assets to a controlled corporation newly formed by the In-Substance Transferor (i.e., the In-Substance Transferee) in exchange for all of the In-Substance Transferee stock and the assumption by the In-Substance Transferee of certain liabilities of the In-Substance Transferor and (ii) distributed all of the stock of the In-Substance Transferee pro rata to its shareholder(s). See Rev. Rul. 77-191, 1977-1 C.B. 94; Rev. Rul. 57-311, 1957-2 C.B. 243.

(17) The Country N Restructuring will be treated as if (i) FDistributing 10 had (A) contributed its Business A to FControlled 10, a corporation newly formed by FDistributing 10, in exchange for all of the FControlled 10 stock and the assumption by FControlled 10 of certain liabilities of FDistributing 10 and thereafter (B) distributed all of the FControlled 10 stock to FDistributing 20; and thereafter (ii) FDistributing 20 distributed all of the FControlled 10 stock pro rata (by value) to FDistributing 9 and Distributing 1. See Rev. Rul. 83-142, 1983-2 C.B. 68; Rev. Rul. 77-191, 1977-1 C.B. 94; Rev. Rul. 57-311, 1957-2 C.B. 243.

(18) Distributing 1's transfer of DRE 2 to Controlled 1 for no consideration shall be treated as occurring on the same date as the Controlled 1 Contribution; and FDistributing 9's transfer of its interest in DRE 3 to FControlled 9 shall be treated as occurring on the same date as the FControlled 9 Contribution. See Arrowsmith v. Commissioner, 344 U.S. 6 (1952); Rev. Rul. 2002-1, 2002-1 C.B. 268; Rev. Rul. 83-73, 1983-1 C.B. 84.

(19) The Country C Restructuring will be treated as if (i) FDistributing 5 had contributed its Business A to FControlled 5, a corporation newly formed by FDistributing 5, in exchange for all of the FControlled 5 stock and the assumption by FControlled 5 of certain liabilities of FDistributing 5, and (ii) thereafter FDistributing 5 distributed all of the FControlled 5 stock to Distributing 1. See Rev. Rul. 83-142, 1983-2 C.B. 68; Rev. Rul. 77-191, 1977-1 C.B. 94; Rev. Rul. 57-311, 1957-2 C.B. 243.

(20) The relative fair market value of the gross assets of a Lower-Tier Business conducted by a Lower-Tier Affiliate as compared to the fair market value of the gross assets of any relevant distributing corporation or controlled corporation will not prevent the Lower-Tier Business from qualifying as an active trade or business for purposes of section 355(b).

(21) With respect to any Lower-Tier Distribution, a corporation may take into account all operational and management activities performed by employees of an affiliate (as defined in section 1504(a) without regard to section 1504(b), except the term “stock” includes nonvoting stock described in section 1504(a)(4)), regardless of whether such affiliate is a member of such corporation’s separate affiliated group. See, Rev. Rul. 79-394, 1979-2 C.B. 141, amplified by Rev. Rul. 80-181, 1980-2 C.B. 121.

(22) Neither SpinCo, nor any of its affiliates will be treated as a “successor” to Distributing Parent or any of its affiliates for purposes of section 1504(a)(3).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the proposed transaction under any provision of the Code (including section 4975) and regulations or the tax treatment of any condition existing at the time of, or effects resulting from the proposed transaction that is not specifically covered by the above rulings.

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.

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

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 the letter ruling.

Sincerely,

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

cc: