

Sub E =

Sub F =

Sub G =

Sub H =

Sub I =

F Company =

Merger Partner =

Merger Sub =

State L =

State M =

State N =

State O =

State P =

Country Y =

Date 1 =

Date 2 =

v =

w =

Dear

This letter responds to your authorized representatives' letter dated April 8, 2016, requesting a ruling on certain federal income tax consequences of a proposed transaction (the "Proposed Transaction"). The information submitted in that request is summarized below.

The ruling contained in this letter is 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.

This letter and the ruling contained herein is issued pursuant to section 6.03 of Rev. Proc. 2016-1, 2016-1 I.R.B. 1, 19, regarding one or more significant issues under sections 332 and 368, and 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 Proposed Transaction described in this letter or as to any issue not specifically addressed by the ruling below.

Summary of Facts

Distributing is a State L corporation and is the parent of a worldwide group of entities (the "Distributing Worldwide Group"). Distributing is also a widely held public company that is the common parent of an affiliated group that files a consolidated federal income tax return (the "Distributing Group"). The Distributing Group is engaged in several lines of business, including the Transferred Business.

Distributing wholly owns the stock of Controlled, Sub A, Sub B, Sub C, and Sub D, each of which is a State M corporation; Sub E, which is a State N corporation; Sub F, which is a State O corporation, and Sub G, which is a State P corporation. Sub A, in turn, wholly owns Sub H and Sub I, each of which is a State M corporation. Sub B wholly owns F Company, a Country Y limited company.

Merger Partner, a State M corporation unrelated to the Distributing Worldwide Group, is a widely held public company that is the common parent of an affiliated group that files a consolidated federal income tax return. Merger Partner wholly owns Merger Sub, a State M corporation which was formed for the sole purpose of facilitating the Proposed Transaction.

On Date 2, Distributing, Controlled, Merger Partner, and Merger Sub entered into a merger agreement (as amended, the “Merger Agreement”) and various other agreements governing certain terms of the Proposed Transaction. On the same date, Distributing and Controlled entered into a separation agreement (the “Separation Agreement”) governing certain terms of the Proposed Transaction.

Each of Sub A, Sub B, Sub C, Sub E, Sub F, Sub H, and Sub I (the “Commingled Entities”) has assets and conducts activities relating to both the Transferred Business and Distributing’s other businesses. Sub D, Sub G, and F Company conduct activities relating solely to the Transferred Business.

Proposed Transaction

Distributing is entering into the Proposed Transaction in order to separate the Transferred Business from its other businesses and to facilitate the transactions contemplated in the Merger Agreement. The relevant steps of the Proposed Transaction are set forth below:

- (i) On Date 1, Distributing formed Controlled.
- (ii) Each of Sub A, Sub B, Sub C, Sub D, Sub E, Sub F, Sub G, Sub H, and Sub I (collectively known as the “Converting Entities”) will convert from a corporation to a limited liability company (“LLC”) under the respective state law applicable to each corporation. Each of these LLCs will be treated as an entity disregarded from its owner for federal tax purposes. All of the LLCs except the LLC resulting from the conversion of Sub D (the “Sub D LLC”) and the LLC resulting from the conversion of Sub G (the “Sub G LLC”) are referred to as the “Retained LLCs.” The Distributing Group will treat all of these conversions as liquidations of the corporations for federal tax purposes (the “Liquidations”).
- (iii) Distributing and/or Controlled expect to transfer, or cause to be transferred, certain assets deemed distributed in the Liquidations (including assets actually distributed to Distributing by the Retained LLCs following the Liquidations) to one or more entities (other than Distributing or Controlled) classified as corporations for U.S. federal income tax purposes (each corporation, a “Recipient Corporation,” and the transfers, the “Recipient Corporation Transfers”), including a Recipient Corporation all of the equity of which will be contributed to Controlled in the Contribution (as defined below).

- (iv) Distributing will, and will cause each of the Retained LLCs to, transfer any of its assets relating to the Transferred Business (including all of the interests in Sub D LLC, Sub G LLC, F Company, and certain other entities) to Controlled (the “Contribution”) in exchange for (A) Controlled common stock, (B) the assumption of any liabilities relating to the Transferred Business, and (C) a cash payment (the “Special Cash Payment”) currently intended to be approximately \$y, subject to certain adjustments in the Merger Agreement and the Separation Agreement, which Distributing expects to distribute in a transaction governed by Section 361.
- (v) Distributing will either (i) distribute, on a pro rata basis, all of the Controlled shares to Distributing’s shareholders, or (ii) pursuant to an exchange offer, exchange all of the Controlled shares for shares of Distributing and, if the exchange offer is undersubscribed, distribute any remaining shares of Controlled pro rata to Distributing’s shareholders (the “Distribution”).
- (vi) Pursuant to the Merger Agreement, Merger Sub will merge with and into Controlled, with Controlled surviving and becoming a wholly owned subsidiary of Merger Partner (the “Merger”). In the Merger, each share of Controlled common stock will be converted into the right to receive one share of Merger Partner common stock. Immediately after the consummation of the Merger, approximately w percent (more than 50 percent) of the outstanding shares of Merger Partner common stock is expected to be held by shareholders who held Distributing stock prior to the Distribution.

Representation

Distributing represents that there is no plan or intention by Distributing or Controlled to transfer in the Recipient Corporation Transfers more than 30 percent of the total fair market value of the respective gross assets of any Converting Entity immediately before its Liquidation to a Recipient Corporation.

Ruling

Based solely on the information submitted and the representation set forth above, we rule that the Recipient Corporation Transfers (described in Step (iii)), the Contribution (described in Step (iv)), the Distribution (described in Step (v)), and the Merger (described in Step (vi)) will not preclude the Liquidations (described in Step (ii)) from qualifying as complete liquidations within the meaning of section 332.

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 and regulations or the 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 letter ruling is directed only to the taxpayer[s] 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, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to the return that provides the date and control number of this letter ruling.

In accordance with the power of attorney on file in this office, a copy of this letter ruling will be sent to two of your authorized representatives.

Sincerely,

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