

Sub3 =

Sub4 =

State A =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Date 6 =

Date 7 =

Dear :

This letter responds to your authorized representative's letter dated September 13, 2016, requesting rulings on certain federal income tax consequences of the transaction described below (the "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 penalties 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.

FACTS

Global Parent is a State A corporation and the parent of a worldwide group of corporations. Global Parent's stock is publicly traded. Global Parent is also the common parent of a consolidated group (within the meaning of Treas. Reg. § 1.1502-1(h)) (the "Global Parent Group").

Prior to Date 6, through an entity disregarded for federal income tax purposes, Global Parent wholly owned OpCo. OpCo indirectly owned all the equity interests in Former Parent. Former Parent wholly owned Sub1, Sub1 wholly owned Sub2, Sub2 wholly owned Sub3, and Sub3 wholly owned Sub4 (Sub1 through Sub4 collectively the "Subsidiaries"). The Subsidiaries were all domestic corporations and members of the Global Parent Group. Sub4 was the successor to a predecessor corporation in a reorganization that the taxpayer represents qualified under section 368(a)(1)(F) (the "Reorganization") on Date 5. All of the basis in such predecessor's stock became reflected in the basis of Sub4 stock. Any reference herein to Sub4 includes a reference to such predecessor as the context requires.

Prior to Date 1, Former Parent was the common parent of a consolidated group (the "Former Parent Group"). In the Former Parent Group, Former Parent wholly owned Sub4, Sub4 wholly owned Sub1, Sub1 wholly owned Sub2, and Sub2 wholly owned Sub3. On Date 1, Former Parent sold a portion of the stock of Sub4 to Sub3 in exchange for a note from Sub3 (the sale the "Sub4 Sale", and the note the "Sub3 Note"). Former Parent realized a capital gain on the Sub4 Sale (the "Intercompany Gain"), and the Intercompany Gain was deferred under Treas. Reg. § 1.1502-13. On Date 2, Sub4 distributed all of its interest in Sub1 to Former Parent.

On Date 3, OpCo acquired Former Parent, and as a result, the Former Parent Group terminated. Former Parent and the Subsidiaries joined the consolidated group of which OpCo was the common parent (the "OpCo Group"). On Date 4, Global Parent acquired OpCo, and as a result, the OpCo Group terminated. OpCo, Former Parent, and the Subsidiaries joined the Global Parent Group.

On Date 5, Former Parent contributed its remaining interest in Sub4 to Sub1, and then caused Sub1 to contribute the interest in Sub4 to Sub2 and then to Sub3. As a result of the successive contributions, Sub 3 wholly owned Sub4.

TRANSACTION

On Date 6 and Date 7, the following steps were completed, in the order specified below.

- (i) On Date 6, Sub4 converted to a limited liability company ("LLC") under State A law.

- (ii) On Date 6, Sub3 converted to a LLC under State A law.
- (iii) On Date 6, Sub2 converted to a LLC under State A law.
- (iv) On Date 6, Sub1 converted to a LLC under State A law.
- (v) On Date 7, Former Parent converted to a LLC under State A law.

The steps described above collectively are the “Conversions.”

REPRESENTATIONS

- a) The Sub3 Note was repaid in full with cash, property, or a combination thereof, and at all times prior to its repayment, the Sub3 Note was an intercompany obligation within the meaning of Treas. Reg. § 1.1502-13(g)(2)(ii).
- b) The Conversions each qualified for non-recognition of gain or loss under sections 332(a) and 337(a).
- c) There is no plan or intention for Former Parent and the Subsidiaries to (i) convert back to a corporation under state law, or (ii) make an election under Treas. Reg. § 301.7701-3 to be classified as a corporation for federal income tax purposes.
- d) The effects of the Sub4 Sale have not previously been reflected on the Former Parent Group’s, the OpCo Group’s, or the Global Parent Group’s returns.
- e) Neither the Former Parent Group, the OpCo Group, nor the Global Parent Group has derived, and no taxpayer will derive, any federal income tax benefit from the Sub4 Sale that gave rise to the Intercompany Gain or the redetermination of the Intercompany Gain (including adjustment to basis in member stock under Treas. Reg. § 1.1502-32).
- f) Sub3’s basis in the Sub4 stock involved in the Sub4 Sale was eliminated in the liquidation of Sub4 without the recognition of gain or loss with respect to such Sub4 stock, and Sub3’s basis in such Sub4 stock was not further reflected in any successor asset within the meaning of Treas. Reg. § 1.1502-13(j)(1).

RULINGS

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

1. The Intercompany Gain is redetermined to be excluded from gross income under Treas. Reg. § 1.1502-13(c)(6)(ii)(D). Accordingly, the Intercompany Gain is

excluded from Former Parent's gross income for the Global Parent Group's consolidated return year that includes the day of the Sub4 liquidation.

2. The amount of the Intercompany Gain that is redetermined to be excluded from gross income will not be taken into account as earnings and profits of any member and will not be treated as tax-exempt income under Treas. Reg. § 1.1502-32(b)(2)(ii).

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 condition existing at the time of, or effects resulting from, the proposed transaction that is not specifically covered by the above rulings. Specifically, we express no opinion on whether the Reorganization qualified under section 368(a)(1)(F).

PROCEDURAL STATEMENTS

This letter is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that this letter 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.

Pursuant to the power of attorney on file in this matter, a copy of this letter is being sent to your authorized representative.

Sincerely,

William W. Burhop
Assistant to the Branch Chief, Branch 2
Office of Associate Chief Counsel
(Corporate)