

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B01
PLR-135405-16

Date:
July 26, 2017

Legend

Distributing =

Controlled =

LLC2 =

LLC7 =

Date 8 =

r =

Dear :

This letter responds to your November 3, 2016 letter, submitted by your authorized representatives, requesting that we supplement the private letter ruling dated July 28, 2016 (PLR-123917-14) (the "Initial Ruling Letter"). The material information submitted in the request for the Initial Ruling Letter and this supplemental ruling request is summarized below. Capitalized or underlined terms not defined in this letter have the meanings assigned to them in the Initial Ruling Letter.

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. 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 is issued pursuant to section 6.03 of Rev. Proc. 2016-1, 2016-1 I.R.B. 1 regarding a significant issue under section 355. The ruling contained in this letter only addresses a discrete legal issue involved in the Proposed Transaction. This Office expresses no opinion as to the overall tax consequences of the Proposed Transaction or as to any issue not specifically addressed by the ruling below.

SUPPLEMENTAL FACTS

On Date 8, pursuant to the Bankruptcy Plan of Reorganization confirmed by the Bankruptcy Court, the Proposed Transaction effecting the separation of Distributing's Business 1 and Business 2 was completed. Distributing and LLC7 remain under the jurisdiction of the Bankruptcy Court in the Bankruptcy Proceeding; any transaction (or transactions) that Distributing and LLC7 may undertake with respect to their remaining assets and subsidiaries, and their remaining outstanding debt, has not yet been confirmed by the Bankruptcy Court.

SUPPLEMENTAL REPRESENTATIONS

- (a) The value of the consideration received by the LLC2 First Lien Creditors in exchange for their LLC2 First Lien Debt in the Distribution, was significantly (approximately 1%) less than the principal amount of such LLC2 First Lien Debt.
- (b) It is anticipated that the Distributing Shareholders' Distributing stock will be cancelled for no consideration in any subsequent restructuring of Distributing and LLC7 in the Bankruptcy Proceeding.

SUPPLEMENTAL RULING

Based solely on the information and representations submitted in connection with this supplemental ruling request and the request for the Initial Ruling Letter, we rule as follows:

Because (1) the distribution of Controlled stock was solely to the LLC2 First Lien Creditors in a title 11 case; (2) the value of the consideration received by the LLC2 First Lien Creditors in the Distribution was significantly (approximately 1%) less than the principal amount of the LLC2 First Lien Debt exchanged therefor; and (3) it is anticipated that the Distributing Shareholders' Distributing stock will

be cancelled for no consideration in any subsequent restructuring of Distributing and LLC7 in the Bankruptcy Proceeding, the Distribution was not used principally as a device for the distribution of earnings and profits of Distributing or Controlled (or both). Section 355(a)(1)(B) and §1.355-2(d).

CAVEATS

No opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter, except as specifically addressed by the ruling above. In particular, no opinion is expressed concerning any aspect of any transaction or item occurring as part of the Bankruptcy Proceeding, whether prior to or following the Proposed Transaction, or the effect of any such transaction or item on the ruling above.

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 representatives.

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,

Frances L. Kelly

Frances L. Kelly
Senior Counsel, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: