

Controlled 1 =

Controlled 2 =

Controlled 3 =

Sub 1

Sub 2 =

DRE 1 =

DRE 2 =

DRE 3 =

DRE 4

DRE 5

Business A =

Business B =

Business C =

State A =

State B =

Country A =

Country B =

Country C =

Country D =

Continuing
Arrangements =

Overlapping
Director =

a =

b =

c =

Distributing
Debt

Dear :

This letter responds to a letter from your authorized representatives dated January 6, 2023, requesting rulings on certain federal income tax consequences of a series of transactions (the “Proposed Transactions”). The material information provided in that letter and in subsequent correspondence is summarized below.

This letter is issued pursuant to Rev. Proc. 2023-1, 2023-1 I.R.B. 1, Rev. Proc. 2022-10, 2022-6 I.R.B. 473, and Rev. Proc. 2017-52, 2017-41 I.R.B. 283, as amplified and modified by Rev. Proc. 2018-53, 2018-43 I.R.B. 667, regarding “Covered Transaction[s]” under section 355 and section 368 of the Internal Revenue Code (the

“Code”). This office expresses no opinion as to any issue not specifically addressed by the rulings 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. This Office has not verified any of the material 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 office has made no determination regarding whether each of the Country B Internal Spin, the Distributing 2 Internal Spin, the Distributing 3 Internal Spin, the Distributing 4 Internal Split, and the External Spin (each defined below): (i) satisfies the business purpose requirement of Treas. Reg. § 1.355-2(b); (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)); or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation, or any predecessor or successor of the distributing corporation or the controlled corporation, within the meaning of Treas. Reg. § 1.355-8 (see section 355(e)(2)(A)(ii) and Treas. Reg. § 1.355-7).

Summary of Facts

Distributing Parent, a publicly traded State A corporation, is the parent of a worldwide group that includes both domestic and foreign entities. Distributing Parent directly and indirectly owns corporations, partnerships, and entities disregarded as separate from their sole regarded owners under Treas. Reg. § 301.7701-3 for U.S. federal income tax purposes (“DREs”). Distributing Parent and its eligible members join in the filing of a consolidated U.S. federal income tax return. Distributing Parent’s worldwide group is engaged in several businesses, including Business A, Business B and Business C.

Immediately prior to the Proposed Transactions, Distributing Parent owns all the issued and outstanding stock of Sub 2.

Distributing Parent and Sub 2 each own approximately a percent and b percent of the outstanding stock of Sub 1.

Sub 1 owns all the issued and outstanding stock of Distributing 3, a Country C entity that is classified as a corporation for US federal income tax purposes.

Distributing 3 owns (i) all the issued and outstanding stock of Distributing 2, Country A entity that is classified as a corporation for US federal income tax purposes, and (ii) all the equity interests in DRE 1.

Distributing 2 owns (i) all the equity interests in DRE 2, (ii) all the issued and outstanding stock of Distributing 1, and (iii) all the equity interests in DRE 3. Distributing 1 conducts both Business A and Business C.

DRE 2 owns all the equity interests in DRE 4. DRE 4 conducts Business C (“DRE 4 Business C”).

DRE 3 owns all the equity interests in DRE 5. DRE 5 conducts Business A (“DRE 5 Business A”).

For purposes of the active trade or business requirement of section 355(b), (i) with respect to the Country B Internal Spin (as defined below), Distributing 1 will rely upon Business C and Controlled 1 will rely upon Business A, as conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); (ii) with respect to the Distributing 2 Internal Spin (as defined below), Distributing 2 will rely upon DRE 4 Business C and Controlled 2 will rely upon DRE 5 Business A, as conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); (iii) with respect to the Distributing 3 Internal Spin (as defined below), Distributing 3 will rely upon DRE 4 Business C and Controlled 2 will rely upon DRE 5 Business A, as conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); (iv) with respect to the Distributing 4 Internal Split (as defined below), Distributing 4 will rely upon DRE 4 Business C, as conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); and Controlled 3 will rely upon DRE 5 Business A conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); and (v) with respect to the External Spin (as defined below), Distributing Parent will rely upon DRE 4 Business C, as conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B); and External Spinco will rely upon DRE 5 Business A conducted directly and/or by members of their respective “separate affiliated group” as defined in section 355(b)(3)(B).

Financial information has been submitted in accordance with Revenue Procedure 2017-52 indicating that, DRE 5 Business A and DRE 4 Business C, and each of Business A and Business C conducted by Distributing 1, has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

The Proposed Transactions

Distributing Parent has undertaken a series of preparatory internal transactions in preparation for the Proposed Transactions. For what are represented to be valid business reasons, Distributing Parent proposes to engage in the following transactions (the "Proposed Transactions") to separate Business A from Business B and distribute Business A to its public shareholders (the "Public Shareholders"). The relevant steps of the Proposed Transactions are set forth below:

1. Distributing 2 will form Controlled 1, a Country B entity and contribute cash to Controlled 1 in exchange for newly issued shares of Controlled 1.
2. Distributing 1 will transfer its Business A assets to Controlled 1 in exchange for the cash received in Step 1, which Distributing 1 will distribute to Distributing 2. Steps 1 and 2 will occur pursuant to a pre-arranged, legally binding plan such that either step will only occur if the other one is also executed.
3. DRE 3 will file an election under Treas. Reg. § 301.7701-3(c) to be treated as a corporation (Controlled 2) for U.S. federal income tax purposes (the "Controlled 2 Election").
4. Distributing 2 will contribute all its Business A assets including any equity it owns in Business A subsidiaries to Controlled 2 (the "Distributing 2 Contribution").
5. Distributing 2 will distribute all the shares in Controlled 2 to Distributing 3 (the "Distributing 2 Distribution," together with the Controlled 2 Election and the Distributing 2 Contribution, the "Distributing 2 Internal Spin").
6. Distributing 3 will transfer all the interests in DRE 1 to Controlled 2 in exchange for Controlled 2's shares (the "Distributing 3 Contribution").
7. Distributing 3 will distribute Controlled 2 to Sub 1 (the "Distributing 3 Distribution," together with the Distributing 3 Contribution, the "Distributing 3 Internal Spin").
8. Distributing Parent and Sub 2 will form Distributing 4 with only cash required under State A law to form the entity, if any; and each entity will transfer all its Sub 1 stock to Distributing 4 in exchange for stock in Distributing 4 equal to the same proportionate ownership such entity had in Sub 1 prior to the transfer (the "Distributing 4 Formation").
9. Sub 1 will convert to a limited liability company under State A law, becoming a DRE ("LLC 1," together with the Distributing 4 Formation, the "Sub 1 Restructuring").

10. LLC 1 will transfer (i) any Business B assets or employees; and (ii) its equity interests in Business B entities to Distributing 4 in redemption of a portion of the outstanding LLC 1 interests owned by Distributing 4.
11. LLC 1 will elect to convert from a State A LLC to a State B corporation, becoming Controlled 3 (the "Controlled 3 Contribution").
12. Distributing 4 will distribute all the stock in Controlled 3 to Distributing Parent in redemption of a portion of the Distributing 4 shares owned by Distributing Parent (the "Controlled 3 Distribution," together with the Controlled 3 Contribution, the "Distributing 4 Internal Split").
13. Distributing Parent will form External Spinco and transfer its equity interests in Controlled 3 to External Spinco (the "External Spinco Contribution").
14. External Spinco will borrow new third-party debt (the "Controlled Borrowing") and transfer all or a portion of the proceeds to Distributing Parent (the "Controlled Cash Distribution"). The Controlled Cash Distribution will not be required to be segregated in a separate bank account or otherwise traced.
15. Within c days following date of the External Spin (as defined below), Distributing Parent will use the entire proceeds received in the Controlled Cash Distribution to (i) make distributions to its shareholders, (ii) repurchase shares (which repurchases could be made pursuant to its existing employee stock repurchase authorization and/or any future authorizations) (such distributions and share repurchases, "Shareholder Distributions"), and / or (iii) repay a portion of the Distributing Debt.
16. Distributing Parent will distribute all the stock of External Spinco to its Public Shareholders (the "External Spinco Distribution," together with the External Spinco Contribution and the Controlled Cash Distribution, the "External Spin").

In connection with the Transactions, Distributing Parent and External Spinco (or their respective affiliates, as applicable) will enter into the Continuing Arrangements.

Following the External Spin a certain individual may serve as a member of the board of Distributing Parent and External Spinco (i.e., Overlapping Director). Overlapping Director will not have any special voting rights as a director at either Distributing Parent or External Spinco: Overlapping Director will have no more than one vote in board matters (the same as any other director) and thus will constitute no more than a small minority of each of the boards of directors of the two corporations. There will not be any obligation for the External Spinco board to nominate Overlapping Member for

subsequent terms as a member of the External Spinco board of directors, and the length of Overlapping Member's continued service after the initial terms will be a matter for the then-current External Spinco's board to decide.

Representations

The following representations have been made with respect to the Proposed Transactions:

Country B Internal Spin

Except as otherwise set forth below, Distributing 1 has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 with respect to the Country B Internal Spin.

Distributing 1 has made the following alternative representations: Representations 3(a); 8(a); 11(a); 15(a); 22(a); 31(a); and 41(a).

Distributing 1 has not made the following representations because they do not apply to the Country B Internal Spin: Representations 7; 19; 20; 24-25; 35; 36; 38; 39.

Distributing 1 has made the following modified representations:

1. Representation 32: No intercorporate debt, other than short-term liabilities resulting from operations in the ordinary course of business, will exist between Distributing 1 and Controlled 1 at the time of, or subsequent to, the Country B Distribution (as defined below).
2. Representation 33: Payments made in connection with all continuing transactions, if any, between Distributing 1 and Controlled 1 after the Country B Internal Spin will be for fair market value based on arm's-length terms, except for the Continuing Arrangements.
3. Representation 43: For purposes of Treas. Reg. section 1.367(b)-5(c), neither Distributing 2's predistribution amount with respect to Distributing 1 nor Distributing's predistribution amount with respect to Controlled 1 will exceed Distributing 2's postdistribution amount with respect to such entity, or, if the predistribution amount does exceed the postdistribution amount, Distributing 2 will reduce its basis, or include an amount in income as a deemed dividend, to the extent provided in Treas. Reg. section 1.367(b)-5(c)(2).

Distributing 2 Internal Spin

Except as otherwise set forth below, Distributing 2 has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 with respect to the Distributing 2 Internal Spin.

Distributing 2 has made the following alternative representations: Representations 3(a); 8(b); 11(a); 15(a); 22(a); 31(a); and 41(a).

Distributing 2 has not made the following representations because they do not apply to the Distributing 2 Internal Spin: Representations 7; 19; 20; 24-25; 35; 36; 38; 39.

Distributing 2 has made the following modified representations:

1. Representation 32: No intercorporate debt, other than short-term liabilities resulting from operations in the ordinary course of business, will exist between Distributing 2 and Controlled 2 at the time of, or subsequent to, the Distributing 2 Distribution.
2. Representation 33: Payments made in connection with all continuing transactions, if any, between Distributing 2 and Controlled 2 after the Distributing 2 Internal Spin will be for fair market value based on arm's-length terms, except for the Continuing Arrangements.
3. Representation 43: For purposes of Treas. Reg. section 1.367(b)-5(c), neither Distributing 3's predistribution amount with respect to Distributing 2 nor Distributing 3's predistribution amount with respect to Controlled 2 will exceed Distributing 3's postdistribution amount with respect to such entity, or, if the predistribution amount does exceed the postdistribution amount, Distributing 3 will reduce its basis, or include an amount in income as a deemed dividend, to the extent provided in Treas. Reg. section 1.367(b)-5(c)(2).

Distributing 3 Internal Spin

Except as otherwise set forth below, Distributing 3 has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 with respect to the Distributing 3 Internal Spin.

Distributing 3 has made the following alternative representations: Representations 3(a); 8(a); 11(a); 15(a); 22(a); 31(a); and 41(a).

Distributing 3 has not made the following representations because they do not apply to the Distributing 3 Internal Spin: Representations 7; 19; 20; 24-25; 35; 36; 38; 39.

Distributing 3 has made the following modified representations:

1. Representation 32: No intercorporate debt, other than short-term liabilities resulting from operations in the ordinary course of business, will exist between Distributing 3 and Controlled 2 at the time of, or subsequent to, the Distributing 3 Distribution.
2. Representation 33: Payments made in connection with all continuing transactions, if any, between Distributing 3 and Controlled 2 after the Distributing 3 Internal Spin will be for fair market value based on arm's-length terms, except for the Continuing Arrangements.
3. Representation 43: For purposes of Treas. Reg. section 1.367(b)-5(c), neither Sub 1's predistribution amount with respect to Distributing 3 nor Sub 1's predistribution amount with respect to Controlled 2 will exceed Sub 1's postdistribution amount with respect to such entity, or, if the predistribution amount does exceed the postdistribution amount, Sub 1 will reduce its basis, or include an amount in income as a deemed dividend, to the extent provided in Treas. Reg. section 1.367(b)-5(c)(2).

Distributing 4 Internal Split

Except as otherwise set forth below, Distributing 4 has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 with respect to the Distributing 4 Internal Split.

Distributing 4 has made the following alternative representations: Representations 3(a); 8(a); 11(a); 15(a); 22(a); 31(a); and 41(a).

Distributing 4 has not made the following representations because they do not apply to the Distributing 4 Internal Split: Representations 6; 19; 20; 24-25; 35.

Distributing 4 has made the following modified representation:

1. Representation 32: No intercorporate debt, other than short-term liabilities resulting from operations in the ordinary course of business, will exist between Distributing 4 and Controlled 3 at the time of, or subsequent to, the Controlled 3 Distribution.
2. Representation 33: Payments made in connection with all continuing transactions, if any, between Distributing 4 and Controlled 3 after the Distributing 4 Internal Split will be for fair market value based on arm's-length terms, except for the Continuing Arrangements.

External Spin

Except as otherwise set forth below, Distributing Parent has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52 with respect to the External Spin.

Distributing Parent has made the following alternative representations: Representations 3(a); 11(a); 15(a); 22(a); 31(a); and 41(a).

Distributing Parent has not made the following representations because they do not apply to the External Spin: Representations 7; 20; 24-25; 40.

Distributing Parent has made the following modified representations:

1. Representation 8: Other than the proceeds received in the Controlled Cash Distribution, Distributing Parent will not distribute External Spinco stock, External Spinco securities or other property of External Spinco to any holder of Distributing Parent securities in the External Spinco Distribution, in satisfaction thereof.
2. Representation 32: No intercorporate debt, other than short-term liabilities resulting from operations in the ordinary course of business, will exist between Distributing Parent and External Controlled at the time of, or subsequent to, the External Spinco Distribution.
3. Representation 33: Payments made in connection with all continuing transactions, if any, between Distributing Parent and External Spinco after the External Spin will be for fair market value based on arm's-length terms, except for the Continuing Arrangements.

Except as otherwise set forth below, Distributing Parent has made all the representations in section 3.04 of Rev. Proc. 2018-53 with respect to the External Spin.

Distributing Parent has made the following modified representation:

1. Representation 6: There are one or more substantial business reasons for any delay in satisfying Distributing Debt from the Controlled Cash Distribution 30 days after the date of the first distribution of External Spinco stock to the Public Shareholders. All the Distributing Debt that will be satisfied with § 361 Consideration will be satisfied no later than 365 days after such distribution.

Distributing Parent has made the following additional representation:

1. The Sub 1 Restructuring will qualify as a reorganization under section 368(a)(1)(F).

Rulings

Based solely upon the information submitted and the representations made, we rule as follows on the Transactions:

The Country B Internal Spin

1. For U.S. federal income tax purposes, Distributing 2 forming Controlled 1 with cash followed by Distributing 1 transferring all its Business A assets to Controlled 1 in exchange for cash then distributing such cash to Distributing 2 will together be treated as if (i) Distributing 1 contributed its Business A assets to Controlled 1 in exchange for Controlled 1 stock (the "Country B Contribution") and (ii) Distributing 1 subsequently distributed all its Controlled 1 stock to Distributing 2 (the "Country B Distribution," together with the Country B Contribution, the "Country B Internal Spin").
2. The Country B Internal Spin will qualify as a tax-free reorganization under sections 368(a)(1)(D) and 355. Distributing 1 and Controlled 1 will each be a "party to a reorganization" within the meaning of section 368(b).
3. No gain or loss will be recognized by Distributing 1 upon the Country B Contribution (sections 357(a) and 361(a)).
4. No gain or loss will be recognized by Controlled 1 upon the Country B Contribution (section 1032(a)).
5. Controlled 1's basis in each asset received in the Country B Contribution will be equal to the basis of that asset in the hands of Distributing 1 immediately before the Country B Contribution (section 362(b)).
6. The holding period in each asset received by Controlled 1 in the Country B Contribution will include the period during which such asset was held by Distributing 1 (section 1223(2)).
7. No gain or loss will be recognized by (and no amounts will be included in the income of) Distributing 2 upon the receipt of Controlled 1 stock in the Country B Distribution (section 355(a)).
8. No gain or loss will be recognized by Distributing 1 on its distribution of Controlled 1 stock to Distributing 2 (section 361(c)).

9. The aggregate basis of Controlled 1 stock and Distributing 1 stock in the hands of Distributing 2 after the Country B Internal Spin will equal the aggregate adjusted basis of the Distributing 1 stock held by Distributing 2 immediately before the Country B Internal Spin, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2) (section 358(b)).
10. The holding period of the Controlled 1 stock received by Distributing 2 will include the holding period of the Distributing 1 stock with respect to which the distribution of the Controlled 1 stock was made, provided the Controlled 1 stock is held as a capital asset on the date of the Country B Internal Spin (section 1223(1)).
11. Earnings and profits will be allocated between Distributing 1 and Controlled 1 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

The Distributing 2 Internal Spin

12. The Distributing 2 Internal Spin will qualify as a tax-free reorganization under sections 368(a)(1)(D) and 355. Distributing 2 and Controlled 2 will each be a “party to a reorganization” within the meaning of section 368(b).
13. No gain or loss will be recognized by Distributing 2 upon the Distributing 2 Contribution (sections 357(a) and 361(a)).
14. No gain or loss will be recognized by Controlled 2 upon the Distributing 2 Contribution (section 1032(a)).
15. Controlled 2’s basis in each asset received in the Distributing 2 Contribution will be equal to the basis of that asset in the hands of Distributing 2 immediately before the Distributing 2 Contribution (section 362(b)).
16. The holding period in each asset received by Controlled 2 in the Distributing 2 Contribution will include the period during which such asset was held by Distributing 2 (section 1223(2)).
17. No gain or loss will be recognized by (and no amounts will be included in the income of) Distributing 3 upon the receipt of Controlled 2 stock in the Distributing 2 Distribution (section 355(a)).
18. No gain or loss will be recognized by Distributing 2 on its distribution of Controlled 2 stock to (section 361(c)).

19. The aggregate basis of Distributing 2 stock and Controlled 2 stock in the hands of Distributing 3 after the Distributing 2 Internal Spin will equal the aggregate adjusted basis of the Distributing 2 stock held by Distributing 3 immediately before the Distributing 2 Internal Spin, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2) (section 358(b)).
20. The holding period of the Controlled 2 stock received by Distributing 3 will include the holding period of the Distributing 2 stock with respect to which the distribution of the Controlled 2 stock was made, provided the Distributing 2 stock is held as a capital asset on the date of the Distributing 2 Internal Spin (section 1223(1)).
21. Earnings and profits will be allocated between Distributing 2 and Controlled 2 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

The Distributing 3 Internal Spin

22. The Distributing 3 Internal Spin will qualify as a tax-free reorganization under sections 368(a)(1)(D) and 355. Distributing 3 and Controlled 2 will each be a “party to a reorganization” within the meaning of section 368(b).
23. No gain or loss will be recognized by Distributing 3 upon the Distributing 3 Contribution (sections 357(a) and 361(a)).
24. No gain or loss will be recognized by Controlled 2 upon the Distributing 3 Contribution (section 1032(a)).
25. Controlled 2’s basis in each asset received in the Distributing 3 Contribution will be equal to the basis of that asset in the hands of Distributing 3 immediately before the Distributing 3 Contribution (section 362(b)).
26. The holding period in each asset received by Controlled 2 in the Distributing 3 Contribution will include the period during which such asset was held by Distributing 3 (section 1223(2)).
27. No gain or loss will be recognized by (and no amount will be included in the income of) Sub 1 upon the receipt of Controlled 2 stock in the Distributing 3 Distribution (section 355(a)).
28. No gain or loss will be recognized by Distributing 3 on its distribution of Controlled 2 stock to Sub 1 (section 361(c)).

29. The aggregate basis of Distributing 3 stock and Controlled 2 stock in the hands of Sub 1 after the Distributing 3 Internal Spin will equal the aggregate adjusted basis of the Distributing 3 stock held by Sub 1 immediately before the Distributing 3 Internal Spin, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2) (section 358(b)).
30. The holding period of the Controlled 2 stock received by Sub 1 will include the holding period of the Distributing 3 stock with respect to which the distribution of the Controlled 2 stock was made, provided the Distributing 3 stock is held as a capital asset on the date of the Distributing 3 Internal Spin (section 1223(1)).
31. Earnings and profits will be allocated between Distributing 3 and Controlled 2 in accordance with section 312(h) and Treas. Reg. § 1.312-10(a).

The Distributing 4 Internal Split

32. The Distributing 4 Internal Split will qualify as a tax-free reorganization under sections 368(a)(1)(D) and 355. Distributing 4 and Controlled 3 will each be a “party to a reorganization” within the meaning of section 368(b).
33. No gain or loss will be recognized by Distributing 4 upon the Controlled 3 Contribution (sections 357(a) and 361(a)).
34. No gain or loss will be recognized by Controlled 3 upon the Controlled 3 Contribution (section 1032(a)).
35. Controlled 3’s basis in each asset received in the Controlled 3 Contribution will be equal to the basis of that asset in the hands of Distributing 4 immediately before the LLC 1 Reincorporation (section 362(b)).
36. The holding period in each asset received by Controlled 3 in the Controlled 3 Contribution will include the period during which such asset was held by Distributing 4 (section 1223(2)).
37. No gain or loss will be recognized by (and no amounts will be included in the income of) Distributing Parent upon the receipt of Controlled 3 stock in the Controlled 3 Distribution (section 355(a)).
38. No gain or loss will be recognized by Distributing 4 on its distribution of Controlled 3 stock to Distributing Parent (section 361(c)).

39. The basis of the Controlled 3 stock in the hands of Distributing Parent after the Distributing 4 Internal Split will equal the basis of Distributing Parent's stock in Distributing 4 redeemed in the Distributing 4 Internal Split, (section 358(a)(1)).
40. The holding period of the Controlled 3 stock received by Distributing Parent will include the holding period of the Distributing 4 stock exchanged therefor, provided that such Distributing 4 stock is held as a capital asset on the date of the Distributing 4 Internal Split (section 1223(1)).
41. Earnings and profits will be allocated between Distributing 4 and Controlled 3 in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33.

The External Spin

42. The External Spin will qualify as a tax-free reorganization under sections 368(a)(1)(D) and 355. Distributing Parent and External Spinco will each be a "party to a reorganization" within the meaning of section 368(b).
43. No gain or loss will be recognized by Distributing Parent upon the External Spinco Contribution (sections 357(a) and 361(a)).
44. No gain or loss will be recognized by External Spinco upon the External Spinco Contribution (section 1032(a)).
45. External Spinco's basis in each asset received in the External Spinco Contribution will be equal to the basis of that asset in the hands of Distributing Parent immediately before the External Spinco Formation (section 362(b)).
46. The holding period in each asset received by External Spinco in the External Spinco Contribution will include the period during which such asset was held by Distributing Parent (section 1223(2)).
47. No gain or loss will be recognized by (and no amounts will be included in the income of) the Public Shareholders upon the receipt of External Spinco stock in the External Spinco Distribution (section 355(a)).
48. No gain or loss will be recognized by Distributing Parent on its distribution of External Spinco stock to the Public Shareholders (section 361(c)).
49. The aggregate basis of Distributing Parent stock and External Spinco stock in the hands of the Public Shareholders after the External Spin will equal the

aggregate adjusted basis of the Distributing Parent stock held by the Public Shareholders immediately before the External Spin, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2) (section 358(b)).

50. The holding period of the External Spinco stock received by the Public Shareholders will include the holding period of the Distributing Parent stock with respect to which the distribution of the External Spinco stock was made, provided the Distributing Parent stock is held as a capital asset on the date of the External Spin (section 1223(1)).
51. Earnings and profits will be allocated between Distributing Parent and External Spinco in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33.
52. The Controlled Cash Distribution will be treated as being distributed pursuant to the External Spin plan of reorganization for purposes of sections 361(b)(1)(A) and 361(b)(3).
53. Payments made between Distributing Parent and External Spinco and their respective affiliates under any of the Continuing Arrangements regarding liabilities, indemnities, or other obligations, that (i) have arisen or will arise for a taxable period ending on or before the External Spin or for a taxable period beginning on or before and ending after the External Spin; and (ii) will not become fixed and ascertainable until after the External Spin, will be viewed as occurring immediately before the External Spin. See Arrowsmith v. Commissioner, 344 U.S. 6, 73 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84.

Caveats

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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, a taxpayer filing its return electronically may satisfy this requirement by attaching a statement to its return that sets forth 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 representatives.

Sincerely,

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

cc: