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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

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Person To Contact:

, ID No.

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Refer Reply To:

CC:CORP:04

PLR-149672-06

Date:

January 10, 2007

Legend

Corp A =

Corp B =

Merger Sub =

Member =

Membership =

Business A =

Business B =

Date A =

Date B =

a =

b =

c =

x =

Dear :

This letter responds to your October 23, 2006 request for rulings regarding certain federal income tax consequences of a proposed transaction. The information submitted in that letter and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayers and accompanied by penalties of perjury statements executed by the appropriate parties. 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.

Summary of Facts

Corp A is a nonstock not-for-profit corporation that is the common parent of a group that files a consolidated federal income tax return. Corp A derives its revenues primarily from Business A.

As a nonstock corporation, Corp A does not have authorized capital stock; rather, participation in Corp A is obtained through Membership Interests held by Members. Each Corp A Membership Interest is comprised of a Corp A Trading Right and Equity Interest. The Corp A Trading Right represents certain rights and privileges that entitles its holder to access certain facilities of Corp A to engage in Business A. The Equity Interest allows the Member to elect directors and to vote on any other matter at any meeting of Corp A Members, and to share equally with other Members in any liquidating distribution in the event of any voluntary or involuntary liquidation, dissolution, or winding up of Corp A's affairs. Members and certain other individuals may also hold limited rights, as expressly provided for in the bylaws and the rules of Corp A, to engage in specified trading activities associated with Business A (the "Corp A Trading Permits").

Corp B is a publicly traded corporation that engages in Business B. Corp B wholly owns Merger Sub. Merger Sub was recently formed in order to effectuate certain steps of the proposed transaction.

Corp A, Corp B, and Merger Sub are parties to an agreement and plan of merger dated as of Date A, amended as of Date B (collectively, the "Agreement"). The Agreement provides for certain transactions that are intended to culminate in the combination of Corp A and Corp B.

Proposed Transaction

To effectuate the combination, the following steps (collectively, the "Proposed Transaction") will occur in the order listed:

(1) In the Merger, Corp A will merge with and into Merger Sub. Merger Sub will be the surviving corporation ("Surviving Corp") and the separate corporate existence of Corp A will cease. Surviving Corp will continue to be a wholly owned subsidiary of Corp B.

(2) At the effective time of the Merger (the "Effective Time"), each outstanding Equity Interest will be converted into the right to receive, at the election of the holder of such Equity Interest, either:

(i) Stock Consideration

(A) \underline{a} shares of newly issued, fully paid and nonassessable shares of Corp B Common Stock, plus

(B) the right to receive, in cash from Corp B based on \underline{x} (the "Excess Consideration"), if any, plus

(C) an amount equal to the amount of cash and shares of Corp B Common Stock allocated to a bonus pool for certain directors and employees of Corp A (the "Bonus Pool") that is in fact not paid to such directors or employees divided by the number of Equity Interests as of the Effective Time (the "Additional Consideration"), if any; or

(ii) Cash Consideration

(A) the right to receive an amount of cash from Corp B equal to \underline{b} , plus

(B) the right to receive the Excess Consideration, if any, plus

(C) the Additional Consideration, if any.

There will be no dissenters to the transaction. Cash will be paid in lieu of any fractional shares of Corp B Common Stock.

(3) The total Merger Consideration in the transaction will be comprised of Stock Consideration and Cash Consideration. All Excess Consideration will be paid in cash by Corp B, except to the extent such Excess Consideration must be paid in shares of Corp B Common Stock as necessary to cause the Merger to be treated as a reorganization under section 368(a) of the Internal Revenue Code. The remaining Merger Consideration, which is all of the Merger Consideration other than Excess Consideration in cash, will be paid in the relative proportions, based on each Member's election of cash and/or shares of Corp B Common Stock, subject to the certain limitations, including the following: the sum of (A) the total aggregate Cash Consideration paid to Members (excluding any Excess Consideration paid to Members in cash), plus the aggregate cash paid in lieu of fractional shares, and (B) the portion of the Bonus Pool that is paid in cash to Corp A employees and directors may not exceed \$c. Based on a calculation of the Merger Consideration on Date A, this amount of Cash Consideration represents approximately of the Merger Consideration.

(4) At the Effective Time,

(i) each Corp A Trading Right will become solely the right to access the facilities to engage in the trading rights and privileges associated with Business A as operated by Surviving Corp (a "Surviving Corp Trading Right"); and

(ii) each Corp A Trading Permit will become solely the right to engage in specified trading activities associated with Business A as operated by Surviving Corp (a "Surviving Corp Trading Permit").

The Surviving Corp Trading Rights will have rights that do not differ materially from the Corp A Trading Rights and the Surviving Corp Trading Permits will have rights that will not differ materially from the Corp A Trading Permits.

Representations

The following representations have been made regarding the Proposed Transaction:

(a) The fair market value of the Corp B Common Stock and cash from Corp B received by each Corp A Member in the Proposed Transaction will be approximately equal to the fair market value of the Corp A Equity Interests surrendered in exchange therefor.

(b) At the time of the Proposed Transaction, Corp A will not have outstanding any warrants, options, convertible securities, or any type of right pursuant to which any person could acquire Corp A Equity Interests.

(c) At least 40% of the proprietary interest in Corp A will be exchanged for Corp B Common Stock and will be preserved (within the meaning of Treas. Reg. section 1.368-1(e)).

(d) Neither Corp B nor any person related to Corp B (within the meaning of section 1.368-1(e)(3)) has any plan or intention to reacquire any Corp B Common Stock issued in the transaction to Corp A Members in exchange for any consideration other than Corp B Common Stock.

(e) Surviving Corp will acquire at least 90% of the fair market value of the net assets and at least 70% of the fair market value of the gross assets held by Corp A immediately prior to the Proposed Transaction. For purposes of this representation, amounts paid by Corp A to its Members who receive cash or other property, Corp A assets used to pay its reorganization expenses, and all redemptions and distributions made by Corp A immediately preceding the Proposed Transaction will be included as assets of Corp A held immediately prior to the Proposed Transaction.

(f) Prior to the Proposed Transaction, Corp B will be in control of Surviving Corp within the meaning of section 368(c) of the Code.

(g) Following the Proposed Transaction, Surviving Corp will not issue additional shares of its stock that would result in Corp B losing control of Surviving Corp within the meaning of section 368(c).

(h) Corp B has no plan or intention to reacquire any of its stock issued in the Proposed Transaction.

(i) Neither Corp B nor any of its affiliates has any plan or intention to liquidate Surviving Corp, to merge Surviving Corp with or into another corporation, or to sell or otherwise transfer or dispose of any of the assets of Corp A acquired in the Proposed Transaction, except for transfers or dispositions made in the ordinary course of business or transfers described in section 368(a)(2)(C) and section 1.368-2(k).

(j) The liabilities of Corp A assumed by Surviving Corp and the liabilities to which the Corp A assets are subject were incurred by Corp A in the ordinary course of its business and are associated with the assets transferred.

(k) Following the Proposed Transaction, Surviving Corp will continue the historic business of Corp A within the meaning of section 1.368-1(d).

(l) Each of Corp A, Corp B, Surviving Corp, and the Corp A Members will pay their respective expenses, if any, incurred in connection with the Proposed Transaction, except that (i) Surviving Corp shall pay all property and transfer taxes imposed in connection with the Proposed Transaction, and (ii) expenses incurred in connection with the filing, printing, and mailing of the proxy statement and the registration statement will be shared equally by Corp A and Corp B.

(m) There is no intercorporate indebtedness existing between Corp A and Corp B or between Surviving Corp and Corp A that was issued, acquired, or will be settled at discount.

(n) None of Corp A, Corp B, or Surviving Corp is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).

(o) Corp A is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of section 368(a)(3)(A).

(p) None of the compensation received by any Corp A Member who is also an employee of Corp A (a "Member-employee") will be separate consideration for, or allocable to, any of their Equity Interests and none of the shares of Corp B Common Stock received by any Member-employee in the Proposed Transaction will be separate consideration for, or allocable to, any employment agreement.

(q) The fair market value of the assets of Corp A transferred to Surviving Corp will equal or exceed the sum of the liabilities assumed by Surviving Corp, plus the amount of liabilities, if any, to which the Corp A assets are subject.

(r) No equity interests of Surviving Corp will be issued in the Proposed Transaction.

(s) The distribution of cash in lieu of fractional shares of Corp B Common Stock is undertaken solely for the purpose of saving Corp B the expense and inconvenience of issuing and transferring fractional shares and is not separately bargained-for consideration.

(t) Corp A, Corp B, and Surviving Corp will report the Proposed Transaction in compliance with section 1.368-3T(a).

Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Proposed Transaction.

(1) Provided that the Merger qualifies as a statutory merger in accordance with applicable State law, the Merger, as described above, will qualify as a reorganization within the meaning of sections 368(a)(1)(A) and 368(a)(2)(D) of the Code. Corp A, Corp B, and Surviving Corp will each be “a party to a reorganization” within the meaning of section 368(b).

(2) No gain or loss will be recognized by Corp A upon the transfer of Corp A assets to Surviving Corp in exchange for Corp B Common Stock, cash, and the assumption of Corp A liabilities by Surviving Corp (sections 361(b) and 357(a)).

(3) No gain or loss will be recognized by Corp B and Surviving Corp on the receipt by Surviving Corp of the assets of Corp A in exchange for Corp B Common Stock, cash, and the assumption by Surviving Corp of the liabilities of Corp A (Rev. Rul. 57-278, 1957-1 C.B. 124).

(4) The basis of the assets of Corp A acquired by Surviving Corp will be the same as the basis of such assets in the hands of Corp A immediately prior to the Proposed Transaction (section 362(b)).

(5) The holding period of the assets of Corp A in the hands of Surviving Corp will include the period during which such assets were held by Corp A (section 1223(2)).

(6) No gain or loss will be recognized by the Corp A Members on the receipt of solely Corp B Common Stock in exchange for their Corp A Equity Interests in the Proposed Transaction (section 354(a)).

(7) The basis of the Corp B Common Stock received by the Corp A Members will be the same as the basis of the Corp A Equity Interest surrendered in exchange therefor (section 358(a)).

(8) Gain, if any, will be recognized by Corp A Members upon the receipt of Corp B Common Stock and cash in the Proposed Transaction, but in an amount not in excess of the cash received (section 356(a)(1)). If the exchange has the effect of the distribution of a dividend (determined with the application of section 318(a)), then the amount of the gain recognized that is not in excess of the Corp A Member’s ratable share of undistributed earnings and profits will be treated as a dividend (section 356(a)(2)). No loss will be recognized pursuant to section 356(c).

(9) The basis of the Corp B Common Stock received by the Corp A Members will be the same as the basis of the Corp A Equity Interest surrendered in exchange therefor, decreased by the amount of money and other property received, and increased by the amount, if any, which is treated as a dividend, and the amount of gain (not including the portion of such gain which would be treated as a dividend, if any) that may be recognized on such exchange (section 358(a)(1)).

(10) Provided any Corp A Equity Interest is held as a capital asset at the time of the Proposed Transaction, the holding period of the Corp B Common Stock received in exchange therefor will include the holding period of such Corp B Equity Interest (section 1223(1)).

(11) Corp A Members who receive cash in lieu of fractional shares of Corp B Common Stock in the Proposed Transaction will be treated as though such fractional share interests were distributed as part of the Proposed Transaction and then redeemed. The treatment of cash received by such shareholders will be determined under section 302.

(12) Surviving Corp will succeed to and take into account the items of Corp A described in section 381(c), subject to the provisions and limitations specified in sections 381, 382, 383, and 384 and regulations thereunder (section 381(a)).

(13) Immediately after the Effective Time, Surviving Corp will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corp A as of the Effective Time (section 381(c)).

(14) To the extent any Corp A Member receives solely Cash Consideration in the Proposed Transaction from Corp B in exchange for such Corp A Member's Equity Interests, the amount of gain recognized by such Corp A Member will be calculated under section 1001 and Treas. Reg. section 1.1001-1.

(15) Holders of Corp A Trading Permits will not realize gain or loss on the conversion of those rights into Surviving Corp Trading Permits in the Proposed Transaction (section 1001 and section 1.1001-1(a)).

(16) Holders of Corp A Trading Rights will not realize gain or loss on the conversion of those rights into Surviving Corp Trading Rights in the Proposed Transaction (section 1001 and section 1.1001-1(a)).

(17) The basis of the Surviving Corp Trading Permits received by each permit holder will be the same as such holder's basis in the Corp A Trading Permits held immediately before the Proposed Transaction.

(18) The basis of the Surviving Corp Trading Rights received by each Corp A Member will be the same as such Member's basis in the Corp A Trading Rights held immediately before the Proposed Transaction.

(19) Provided any Corp A Trading Right or Corp A Trading Permit is held as a capital asset at the time of the Proposed Transaction, the holding period of the Surviving Corp Trading Rights or Surviving Corp Trading Permits received in Proposed

Transaction will include the holding period of such Corp A Trading Right or Corp A Trading Permit (section 1223(1)).

Caveats

No opinion is expressed about the tax treatment of the Proposed Transaction under other provisions of the Code or 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 rulings. In particular, no opinion is expressed and none was requested regarding the distribution of the bonus pool to the directors or employees as described above.

Procedural Statements

This letter is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the powers of attorney on file in this office, a copy of this letter is being sent to each of your authorized representatives.

Each taxpayer involved in the Proposed Transaction should attach a copy of this letter to its federal income tax return for the taxable year in which the Proposed Transaction is completed. 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,

Lewis K Brickates
Branch Chief, Branch 4
Office of Associate Chief Counsel (Corporate)