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**From:**

**Sent:** Friday July 2, 2010 4:18 PM

**To:**

**Cc:**

**Subject:** - comments

has no objections to the plan, but we wanted to point out a few things that Exam might want to consider going forward.

The discussion in the plan and the disclosure statement regarding the form of the bankruptcy 'reorganization' transaction is very generic, making it difficult for us to discern the tax effects for (the Debtors). The disclosure statement indicates that the Debtors do not expect to incur any substantial tax liability as a result of the implementation of the plan. Ultimately, we cannot tell whether it will be a nontaxable reorganization (maybe under § 368(a)(1)(E) or (G)), a taxable sale of the assets, or some other disposition. The plan and disclosure statement do not address this so there may be some uncertainty.

The Debtors anticipate that they will have to reduce their net operating losses (NOLs) and perhaps, other tax attributes, as a result of excluded COD income (which is not otherwise taxable while Debtors are in bankruptcy). To the extent that any NOLs remain, the Debtors anticipate that § 382 will apply to limit use of the pre-reorganization losses going forward. The plan predicts that the Debtors will invoke § 382(l)(6) in valuing the stock for purposes of determining the annual § 382 limitation. We don't have any issues with this discussion.

Lastly, it is unclear from the documents, whether the Debtors are filing a consolidated return. If that is the case, there may be issues under the consolidated regulations, including the attribute reduction rules of -28, and the intercompany obligation rules of -13(g).

With respect to any pension-related claims, we had coordinated with ( ), who are pursuing with (IRS) potential claims regarding the excise tax attributable to under-funding of multi-employer pension plans to which certain Debtor subsidiaries must contribute. defers to as the subject matter experts on those issues.

Please let us know if we can do anything more to assist you, and should the form of the transaction become more definitive, we'd be happy to take another look at it.