

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B05
PLR-103674-15

Date:
May 28, 2015

Legend

Distributing =

Controlled =

Nominee =

Depository =

Trustee =

Business A =

Business B =

Business C =

Senior Notes =

Date A =

Date B =

Date C =

Date D =

Date E =

Date F =

a =

b =

c =

d =

e =

f =

Dear :

This letter responds to a letter dated January 21, 2015, submitted on behalf of Distributing, requesting rulings on the proper treatment of two significant issues presented under section 361 in a planned spin-off transaction described in sections 368(a)(1)(D) and 355. Additional information was submitted on February 10, 2015 and March 27, 2015. The information submitted is summarized below.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2015-1, 2015-1 I.R.B. 1, regarding one or more significant issues under sections 332, 351, 355, 368, or 1036. The rulings contained in this letter only address one or more discrete legal issues involved in the transaction. This Office expresses no opinion as to the overall tax consequences of the transactions described in this letter or 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 penalty 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.

Summary of Facts

Distributing is a widely held, publicly traded domestic corporation that operates Business A, Business B (together with Business A, the "Controlled Business"), and Business C. As of Date D, the Controlled Business represented approximately a% of the total fair market value, approximately b% of the total annual revenues, and approximately c% of the total book value of Distributing.

Distributing currently has a variety of debt outstanding, including Senior Notes issued on Date A (the "Notes"), other term debt, and a revolving credit facility. The Notes were issued with an aggregate principal amount of \$d. The Notes mature on Date F and are

governed by an indenture dated as of Date A (the “Indenture”). The Notes are publically traded and were trading at a premium as of the close of business on Date E. The Notes have a unique CUSIP number and a unique ISIN number.

Pursuant to the Indenture, the Notes were issued in the form of one global note in substantially the form set forth in Exhibit A to the Indenture (the “Distributing Global Note”). The Distributing Global Note is registered in the name of Nominee, as nominee for the Depositary, and is held by Trustee as custodian for the Depositary. The Depositary maintains electronic book entry records of the amounts of Notes beneficially owned through each of its members, and its members in turn maintain electronic book entry records of the amounts of Notes beneficially owned by each of their account holders.

The Transaction

Distributing intends to spin off the Controlled Business in a transaction intended to qualify for tax-free treatment under section 368(a)(1)(D) and section 355 (the “Transaction”). In the Transaction, Distributing will contribute the Controlled Business to a newly formed corporation (“Controlled”) in exchange for all of the stock of Controlled, a Controlled note (the “Controlled Global Note”), and the assumption by Controlled of certain liabilities of Distributing (collectively, the “Asset Contribution”), immediately after which Distributing will distribute all of the stock of Controlled pro rata to the shareholders of Distributing (the “Spin-off”). Distributing will retain and continue to operate Business C and certain other assets following the Transaction.

In the Transaction, Distributing’s outstanding indebtedness will be divided between Distributing and Controlled based on the expected post-Transaction values of Distributing and Controlled. Controlled will assume responsibility for approximately a% of Distributing’s outstanding indebtedness in the Transaction by issuing the Controlled Global Note and by directly assuming liabilities or issuing other new debt instruments.

Under the terms of the Indenture, if the Asset Contribution were to constitute a transfer of all or substantially all of the property and assets of Distributing, the parties would be required to substitute Controlled for Distributing under the Indenture and the Notes and to release Distributing from any further obligations under the Indenture and the Notes. Distributing sought and received the consent of a majority of the holders of record of the Notes as of Date B to an amendment of the Indenture to, among other things, clarify that the Asset Contribution will constitute the transfer of substantially all of the property and assets of Distributing for purposes of the relevant portion of the Indenture (the “Amendment”). Consenting shareholders received \$e per \$f Principal Amount in exchange for their consent. The Amendment was effectuated in a supplemental indenture dated as of Date C (together with the Indenture, the “Amended Indenture”).

Distributing will distribute, or cause to be distributed, the Controlled Global Note to Depositary in exchange for the Distributing Global Note. The Distributing Global Note will then be cancelled. As a result of the cancellation of the Distributing Global Note and issuance by Controlled of the Controlled Global Note in replacement of the Distributing Global Note, the Notes will receive new CUSIP numbers and new ISIN numbers. The Controlled Global Note will bear all of the same terms as the Distributing Global Note and will be identical to the Distributing Global Note in all respects other than the identity of the obligor and the CUSIP and ISIN numbers.

Representations

Distributing makes the following representations:

- a. The Notes constitute securities within the meaning of section 361.
- b. The Asset Contribution will qualify as a reorganization described in section 361(a)(1)(D), and Distributing and Controlled will be parties to such reorganization within the meaning of section 368(b).
- c. The Spin-off will qualify as a transaction described in section 355.
- d. The change in obligor under the Notes from Distributing to Controlled upon the occurrence of the Asset Contribution will constitute a "significant modification" under Treasury Regulation section 1.1001-3.

Rulings

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

1. The substitution of Controlled for Distributing as the obligor under the Notes upon the occurrence of the Asset Contribution will be treated for purposes of section 361 as an issuance of Controlled notes with terms identical to the Notes (the "Controlled Notes") to Distributing as partial consideration for the Asset Contribution followed by a distribution by Distributing of the Controlled Notes to holders of the Notes in exchange for the Notes.
2. The Controlled Notes will be treated as securities for purposes of section 361.

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. In particular, no opinion is expressed on any tax consequences resulting from

the consent payment or on whether any aspect of the transaction constitutes a significant modification within the meaning of Treasury Regulation section 1.1003-3.

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,

Isaac W. Zimbalist

Isaac W. Zimbalist
Senior Technician Reviewer, Branch 1
Office of Associate Chief Counsel (Corporate)