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Washington, DC 20224

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Date:
April 09, 2018

Legend

Parent =

Sub1 =

Sub2 =

Sub3 =

Sub4 =

Sub5 =

Sub6 =

Sub7 =

Sub8 =

Sub9 =

Sub10 =

Sub11 =

Sub12 =

Sub13 =

Sub14 =

Sub15 =

Sub16 =

Sub17 =

Sub18 =

Sub19 =

Sub20 =

Sub21 =

Sub22 =

Sub23 =

Sub24 =

Sub25 =

Sub26 =

Sub27 =

Sub28 =

PLR-131449-17

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Sub29 =

Sub30 =

Sub31 =

Sub32 =

FSub1 =

FSub2 =

FSub3 =

FSub4 =

FSub5 =

FSub6 =

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FSub30 =

FSub31 =

FSub32 =

FSub33 =

FSub34 =

New FSub34 =

FSub35 =

FSub36 =

FSub37 =

FSub38 =

FSub39 =

FSub40 =

FSub41 =

FSub42 =

FSub43 =

FSub44 =

FSub45 =

New FSub45 =

FSub46 =

LLC1 =

LLC2 =

LLC3 =

LLC4 =

LLC5 =

LLC6 =

LLC7 =

LLC8 =

LLC9 =

LLC10 =

LLC11 =

Branch1 =

Branch2 =

Branch3 =

Branch4 =

Branch5 =

Branch6 =

Branch7 =

Division1 =

Division2 =

Division3 =

Division4 =

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b =

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f =

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Date1 =

Date2 =

Date3 =

Date4 =

Country A =

Country B =

Country C =

Country D =

State A =

Jurisdiction A =

Jurisdiction B =

SpinCo Business =

SpinCo Subs =

SpinCo Corporation =

Separation =

Remaining Segments =

Covered Transaction =

Dear :

This letter responds to your letter dated October 16, 2017, as supplemented by subsequent submissions, requesting rulings on certain federal income tax consequences of a series of proposed transactions described below (the Proposed Transactions, as defined herein). The information submitted in that letter and in subsequent correspondence is summarized below.

This letter is issued pursuant to Rev. Proc. 2017-52, 2017-41 I.R.B. 283 regarding one or more “Covered Transactions” under section 355 and/or section 368 of the Internal Revenue Code (the “Code”) and pursuant to section 6.03(2) of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, regarding one or more significant issues under section 332 of the Code. The significant issue ruling contained in this letter only addresses the significant issue involved in the transactions described in this letter. This Office expresses no opinion as to the overall tax consequences of the transaction for which a significant issue ruling is requested or as to any issue not specifically addressed by the rulings below.

The rulings contained in this letter are based on facts 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 office has made no determination regarding whether any of the Distributions (as 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. § 1.355-8T (see section 355(e)(2)(A)(ii) and Treas. Reg. § 1.355-7).

Summary of the Facts

Parent, a publicly traded corporation, is the parent company of a worldwide group of foreign and domestic affiliates (the “Parent Group”). Parent and its domestic affiliates join in the filing of a consolidated U.S. federal income tax return. The following describes the relevant corporate structure of the Parent Group immediately before the Proposed Transactions (described below) were undertaken. Except as described below, each entity is treated as a corporation for Federal income tax purposes.

Parent directly owns all of the issued and outstanding stock of Sub1, Sub2, and Sub3. Sub2 directly owns all of the issued and outstanding stock of Sub4 and membership interests of LLC1, a company that is treated as an entity disregarded as separate from

its owner for U.S. federal income tax purposes (a “disregarded entity”). Sub2 and LLC1 own a percent and b percent (together, consisting of 100 percent), respectively, of the issued and outstanding stock in FSub1. Sub2 also directly owns all of the issued and outstanding stock of Sub5. Sub2 indirectly owns all of the issued and outstanding stock of FSub2. FSub2 owns (i) all of the interests of LLC2, a disregarded entity, and (ii) c percent of the issued and outstanding stock of FSub3. The remaining d percent of FSub3 is owned by LLC2.

Parent and Sub4 own e percent and f percent (together, consisting of 100 percent), respectively, of the issued and outstanding stock of Sub6. Sub4 owns several entities that are engaged in the Remaining Segments (such entities, “remaining entities”). As relevant for this ruling, Sub4 indirectly owns all of the issued and outstanding stock of Sub7 and Sub8. Entities conducting the SpinCo Business are predominantly owned within four chains of ownership: Sub3, Sub6, Sub5, and FSub1. Sub3 owns, directly or indirectly, stock of or interests in certain entities that operate in the SpinCo Business. Sub3 directly owns (i) g percent of FSub4 (of which the other h percent is owned by an unrelated third party), (ii) c percent of FSub5, and (iii) i percent of FSub6. Sub4 owns the remaining d percent in FSub5. FSub7, an indirect, wholly-owned subsidiary of Parent, owns the remaining j percent interest in FSub6. Sub3 also directly owns all of the issued and outstanding stock of Sub9, which owns all of the interests of Branch1. Sub6 owns, directly or indirectly, all of the issued and outstanding stock of or interests in many domestic entities that operate in the SpinCo Business. Sub6 directly owns all of the issued and outstanding shares of the following domestic SpinCo Subs: Sub10, Sub11, Sub12, Sub13, Sub14, Sub15, Sub16, Sub17, Sub18, Sub19, and LLC3. Sub12 directly owns all of the issued and outstanding stock of Sub20. Sub11 owns all of the issued and outstanding stock of FSub8. Sub16 owns all of the issued and outstanding stock of Sub21. LLC3 owns all of the issued and outstanding stock of (i) FSub9; (ii) Sub22, which, in turn, owns all of the issued and outstanding stock of Sub23; and (iii) LLC4.

Sub6 also directly owns all of the interests of the following entities (each a SpinCo Sub) that operate in the SpinCo Business each of which is treated as a disregarded entity: LLC5, LLC6, LLC7, and LLC8. LLC5 directly owns all of the issued and outstanding stock of Sub24, which, in turn, directly owns all of the issued and outstanding stock of Sub25. LLC7 directly owns all of the issued and outstanding stock of Sub26. LLC6 directly owns all of the issued and outstanding stock of Sub27, which, in turn, owns all of the shares of FSub10.

Sub6 also directly or indirectly owns all of the interests in the following entities: Branch2, Branch3, and LLC9, a disregarded entity that is a remaining entity. Each of Sub5 and FSub1 owns, directly or indirectly, entities and branches that operate in the SpinCo Business. Sub5 indirectly owns all of the interests in (i) Division1, a division of LLC10, a disregarded entity, (ii) Division2, a division of FSub11, (iii) Division3, a division of FSub12, a company indirectly owned by FSub11, and (iv) Division4, also a division of FSub12. Sub5 also indirectly owns all of the issued and outstanding stock of FSub13

and FSub14. Sub5 also owns FSub15, a disregarded entity. FSub15 owns all of the issued and outstanding stock of FSub16. FSub16 owns all of the issued and outstanding stock of FSub17, which owns all of the issued and outstanding stock of FSub18. FSub18 owns all of the issued and outstanding stock of (i) FSub19 which, in turn, owns all of the issued and outstanding stock of FSub20, a remaining entity, and (ii) FSub21, a disregarded entity. FSub21 owns all of the issued and outstanding stock of (i) FSub22 and (ii) FSub23, a disregarded entity. FSub18 also owns FSub24, a disregarded entity.

FSub24 directly owns (i) c percent of the issued and outstanding stock of FSub25; (ii) k percent of the issued and outstanding stock of FSub26; (iii) k percent of the issued and outstanding stock of FSub27; and (iv) k percent of the issued and outstanding stock of FSub28. FSub19 owns the remaining d percent interest in FSub25. FSub17 owns the remaining l percent interest of each of FSub26, FSub27, and FSub28. FSub19 owns all of the issued and outstanding stock of FSub46.

FSub18 also owns FSub29, which owns all of the issued and outstanding stock of FSub30 and FSub31. Each of FSub29, FSub30, and FSub31 is a remaining entity. FSub1 owns all of the interests in FSub32, a disregarded entity. FSub32 owns all of the interests in LLC11 and FSub33, each a disregarded entity. FSub33 owns all of the issued and outstanding stock or interests of (i) FSub34; (ii) FSub35; (iii) Branch4; (iv) FSub36; (v) Branch5; (vi) Branch6, a remaining entity; and (vii) FSub37, a remaining entity. FSub34 directly owns all of the issued and outstanding stock of FSub38. FSub35 owns all of the issued and outstanding stock of Sub28.

Overview of Parent's CP Program

As of Date1, Parent had outstanding approximately \$m in total short-term debt, of which approximately \$n was commercial paper. Between Date2 and Date3, Parent has had a monthly average amount of commercial paper outstanding of \$o. The commercial paper program, under which up to \$p of commercial paper can be outstanding at any one time, is used for general corporate purposes including the funding of working capital and acquisitions.

The Proposed Transactions

The following transactions have occurred or will occur to separate the SpinCo Business from Parent (such steps, the "**Proposed Transactions**").

Step 0.1: FSub11 contributes an intracompany receivable from its wholly owned branch, Division2, to Division2.

Step 0.2: Division3 distributes an intracompany receivable from Division4 to FSub12.

Step 1.1: Sub3 converts to a limited liability company under State A law (the “**Conversion**”).

Step 1.2: Sub3 contributes its g-percent interest of FSub4, c-percent interest of FSub5, and i-percent interest of FSub6 (such assets, collectively, the “**Reincorporated Assets**”) to a newly formed U.S. holding company, Sub29. The Reincorporated Assets transferred to Sub29 in this Step 1.2 will constitute less than l percent of the value of Sub3’s total assets.

Step 1.3: Sub3 distributes all of the Sub29 stock to Parent.

Step 2.1: FSub24 sells all of its stock in (i) FSub25, (ii) FSub26, (iii) FSub27, and (iv) FSub28 to FSub18, and FSub21 distributes FSub22 to FSub18.

Step 2.2: FSub18 contributes the stock received in the previous step to a newly formed holding company organized under the laws of Country A (such entity, “FSub39,” and such contribution, “**Contribution 1**”).

Step 2.3: FSub18 distributes all of the FSub39 stock to FSub17 (“**Distribution 1**”).

Step 2.4: FSub17 contributes its l-percent interest in each of FSub28, FSub27, and FSub26 to a newly formed Country B holding company, FSub40, which makes an initial election under Treas. Reg. § 301.7701-3 to be treated as a disregarded entity.

Step 2.5: FSub17 contributes FSub40 stock to FSub39 (“**Contribution 2**”).

Step 2.6: FSub17 distributes FSub39 stock to FSub16 (“**Distribution 2**”).

Step 2.7: FSub16 distributes all of the FSub39 stock to FSub15 (“**Distribution 3**”).

Step 2.8: FSub15 distributes all of the FSub39 stock to Sub5.

Step 2.9: Sub5 distributes all of the FSub39 stock to Sub2 (“**Distribution 4**”).

Step 2.9A: Sub3 contributes \$g to Sub9.

Step 2.10: Sub9 advances \$g to Branch1.

Step 2.11: Branch1 uses the funds received in Step 2.10 to repay (i) approximately \$r to FSub35, (ii) approximately \$s to FSub34, (iii) approximately \$t to Branch4, (iv) approximately \$ff to FSub6, (v) approximately \$gg to LLC7, and (vi) approximately \$hh to Sub9.

Step 2.12: FSub35 loans approximately \$r to FSub34.

Step 2.13: FSub34 uses approximately \$s received in Step 2.11 and approximately \$r received in Step 2.12 to partially satisfy outstanding intercompany liabilities owed to FSub33.

Step 2.14: Branch4 transfers approximately \$t to FSub33.

Step 2.15: FSub33 satisfies its payables of (i) approximately \$u with FSub13, (ii) approximately \$y with FSub36, and (iii) approximately \$w with FSub14.

Step 2.16: FSub8 satisfies approximately \$x intercompany liabilities owed to FSub33.

Step 2.17: Parent loans, with FSub5 and Sub12 funds, approximately \$y to FSub33.

Step 2.18: FSub33 contributes approximately \$z to FSub34, which uses the money to partially repay its payable to FSub33.

Step 2.19: FSub33 repays its approximately \$aa payable to FSub37.

Step 2.20: FSub33 repays its approximately \$bb payable to Sub7.

Step 2.21: Each of FSub37 and FSub34 forms a new Country C entity that is treated as a corporation for U.S. federal income tax purposes: FSub41 and New FSub34, respectively.

Step 2.22: FSub37 contributes all of its assets and liabilities to FSub41.

Step 2.23: FSub34 continues into Jurisdiction A from Jurisdiction B.

Step 2.24: FSub34 contributes all of its assets and liabilities, including FSub 38 stock, to New FSub34.

Step 2.25: FSub37 and FSub34 amalgamate into a new Country C unlimited liability company formed by FSub33, FSub42, which makes an initial election to be treated as a disregarded entity (the “**Amalgamation**”). As a result of the Amalgamation, FSub33, the sole shareholder of each of FSub37 and FSub34, becomes the sole shareholder (through FSub42, a disregarded entity) of each of FSub41 and New FSub34.

Step 2.26: FSub33 distributes FSub42 stock to FSub32.

Step 2.27: FSub42 distributes New FSub34 stock to FSub32.

Step 2.28: FSub32 distributes LLC11 to FSub1.

Step 2.29: FSub33 contributes all of Branch5 and Branch6 assets and liabilities to a newly formed entity organized under the laws of Country C, FSub43, which makes an

initial election under Treas. Reg. § 301.7701-3 to be treated as a corporation for U.S. federal income tax purposes.

Step 2.30: FSub33 distributes FSub36 and FSub43 stock to FSub32.

Step 2.31: FSub32 forms an entity under the laws of Jurisdiction A, FSub44, which makes an initial election under Treas. Reg. § 301.7701-3 to be treated as a disregarded entity for U.S. federal income tax purposes.

Step 2.32: FSub32 contributes FSub33 to FSub44.

Step 2.33: FSub33 liquidates into FSub44.

Step 2.34: FSub32 forms a new Country B entity, FSub45, which makes an initial election under Treas. Reg. § 301.7701-3 to be treated as a corporation for U.S. federal income tax purposes.

Step 2.34A: FSub45 changes its name to New FSub45.

Step 2.35: FSub32 contributes the shares of FSub34 and FSub44 to New FSub45 (“**Contribution 3**”).

Step 2.36: FSub32 distributes New FSub45 to FSub1. FSub1 distributes a percent of New FSub45 stock to Sub2 and the remaining b percent of New FSub45 stock to its minority shareholder, LLC1 (together, “**Distribution 5**”). LLC1 then distributes the b percent of New FSub45 stock to Sub2.

Step 3.1: Branch2 distributes receivables from Sub19 (a SpinCo Sub), to Sub6.

Step 3.1A: Sub6 assumes payables of Sub12 and Sub22 (each a SpinCo Sub) owed to Parent.

Step 3.2: Sub6 contributes the SpinCo Subs owned by Sub6 and the receivables received in step 3.1 to a newly formed domestic subsidiary, Sub30 (“**Contribution 4**”). In exchange for the SpinCo Subs contributed, Sub30 assumes the liabilities owed by Branch3 to SpinCo Subs and certain liabilities owed by Sub6 to Sub1. (The liabilities owed by Sub6 were incurred to acquire LLC3, Sub11, Sub14, and Sub24.)

Step 3.3: Sub6 distributes Sub30 stock in a pro-rata distribution to Sub4 and Parent (“**Distribution 6**”).

Step 3.4: Sub4 contributes its minority interest in FSub5 to Sub30 (“**Contribution 5**”).

Step 3.5: Sub4 distributes the f percent of Sub30 stock received in Distribution 6 to Sub2 (“**Distribution 7**”).

Step 3.6: Sub2 contributes New FSub45 and FSub39 stock to Sub30 (together with the contribution of Sub31 in Step 3.8, “**Contribution 6**”).

Step 3.7: Sub2 contributes intellectual property related to the SpinCo Business to a newly formed domestic subsidiary (“Sub31”).

Step 3.8: Sub2 contributes Sub31 to Sub30 (together with the contribution in Step 3.6, “**Contribution 6**” and together with Contributions 1 through 5, the “**Internal Contributions**”).

Step 3.9: Sub2 distributes the f percent of Sub30 stock received in Distribution 7 to Parent (“**Distribution 8**” and together with Distributions 1 through 7, the “**Internal Distributions**”).

Step 3.10: Sub1 distributes notes receivable from various SpinCo Subs to Parent.

Step 3.11: Parent contributes the notes received in the previous step to a newly formed domestic corporation (“Sub32”).

Step 3.12: Sub30 contributes cash to FSub39.

Step 3.13: FSub39 uses the cash received in the previous step to acquire the assets and liabilities of (i) Division3, (ii) Division2, and (iii) Division1 from (i) FSub12, (ii) FSub11, and (iii) LLC10, respectively.

Step 3.14: FSub19 sells its minority interest in FSub25 to FSub40 for cash equal to the fair market value of such minority interest.

Step 3.15: FSub7 sells its minority interest in FSub6 to Sub30 in exchange for cash equal to the fair market value of such minority interest.

Step 3.16: Branch1 sells its assets and liabilities to Sub30.

Step 3.17: Sub30 allocates the assets received in the previous step to a newly formed Country D branch, Branch7.

Step 3.18: FSub2 sells its interest in FSub3 to FSub39 for nominal consideration, and LLC2 sells its interest in FSub3 to FSub40.

Step 3.19: FSub39 borrows cash from Sub12 and contributes such cash to FSub 3.

Step 3.20: FSub3 uses the cash received in the previous step to acquire a group of employees of FSub46 supporting the SpinCo Business from FSub46.

Step 4.1: Parent forms a new domestic corporation (“SpinCo Corporation”), which borrows cash (the “SpinCo Cash”) from one or more third-party banks or other lenders.

Step 4.2: Sub30 distributes excess cash, if any, to Parent.

Step 4.3: Parent contributes Sub29, Sub30, and Sub32 to SpinCo Corporation in exchange for the SpinCo Cash, SpinCo Corporation common stock, and the assumption by SpinCo Corporation of the liabilities owed by Parent to the SpinCo Subs (including any of the entities formed to hold the SpinCo Subs as part of the Proposed Transactions) (the “External Contribution” and together with the Internal Contributions, the “Contributions”). Parent may contribute the stock of each of Sub29, Sub30, and Sub32 to SpinCo Corporation before the borrowing and/or before SpinCo Corporation transfers the SpinCo Cash to Parent.

Step 4.4: Parent distributes SpinCo Corporation common stock to its shareholders in a pro rata distribution (the “External Distribution” and together with the Internal Distributions, the “Distributions”).

Step 4.5: After the External Distribution, pursuant to (a) the Tax Matters Agreement (defined below), (b) the Separation and Distribution Agreement (defined below), (c) the Employee Matters Agreement (defined below), and (d) other agreements entered into in connection with the Proposed Transactions, Parent may transfer to SpinCo Corporation and SpinCo Corporation may transfer to Parent, as the case may be, amounts attributable to the pre-closing period (collectively, (a) through (d) are referred to as the “**Pre-Closing Payment Items**”). In addition, after the External Distribution, Parent may transfer to SpinCo Corporation, and SpinCo Corporation may transfer to Parent, one or more “**Post-Closing Adjustment Payments**” (defined below).

Step 4.6: Taking into account all transfers of cash from Parent to SpinCo Corporation or from SpinCo Corporation to Parent made pursuant to the External Contribution, the payment of the **Pre-Closing Payment Items**, and the payment of **Post-Closing Adjustment Payments**, if the total cash that Parent receives from SpinCo Corporation pursuant to such items exceeds the total cash that Parent transfers to SpinCo Corporation pursuant to such items (the “Net Cash Proceeds”), Parent will, (i) as soon as possible and in all events during the cc-month period following the External Contribution/Distribution, or (ii) with respect to cash proceeds received more than dd months after the External Contribution/Distribution pursuant to the payment of the Pre-Closing Payment Items and the Post-Closing Adjustment Payments, within dd months of such receipt, use the Net Cash Proceeds to engage in one or more of the following transactions: (a) (i) to make distributions to Parent’s shareholders with respect to stock (pursuant to one or more special distributions), or (ii) to make share repurchases (whether pursuant to an existing or newly authorized share repurchase program, and whether pursuant to periodic open market repurchases or one or more accelerated stock repurchase programs) (the “Shareholder Cash Purge”); (b) to satisfy outstanding Parent short-term liabilities (mostly commercial paper) whenever incurred (which could

include ordinary course liabilities, and principal, interest, and associated consent and other fees on bank debt, and other short-term borrowings, and which could include debt incurred before the External Distribution or during the cc-month period following the External Distribution) (the “Debt Cash Purge,” and together with the Shareholder Cash Purge, the “Cash Proceeds Purge”); or (c) a combination of the items in (a) and (b). However, the short-term liabilities to be repaid in pursuance of (b), which would consist mostly of commercial paper, will not exceed the average monthly commercial paper balance for the 24-month period preceding the Date 4 Board of Directors meeting when the Board first considered the Separation (i.e., an amount not to exceed \$o). Parent will engage in the Debt Cash Purge only to the extent it determines that it would not use the entire amount of the Net Cash Proceeds in the Shareholder Cash Purge. In that case, the Debt Cash Purge will occur within ee months of such a determination, but in all events within cc months of the External Contribution/Distribution; however, with respect to cash proceeds received more than dd months after the External Contribution/Distribution pursuant to the payment of Pre-Closing Payment Items and the Post-Closing Adjustment Payments, Parent will use any such cash to repay short-term liabilities (or commercial paper) no more than ee months after such receipt. Parent anticipates that, pending the distribution of an amount of cash equal to the Net Cash Proceeds to shareholders and/or creditors, the Net Cash Proceeds will be invested and/or otherwise used. Parent will segregate the Net Cash Proceeds into a separate bank account. The total amount of the Net Cash Proceeds used to pay creditors pursuant to the Debt Cash Purge will not exceed the basis of the assets that Parent transferred to SpinCo Corporation in the External Contribution, reduced by the liabilities assumed (as determined under section 357(c)) by SpinCo Corporation in the External Contribution. In computing the Net Cash Proceeds at any point in time, Parent will reduce the Net Cash Proceeds amount by any cash that it has already distributed to its shareholders or paid to its creditors consistent with this Step 4.6.

It is possible that one or more third-party consents with respect to transfers of SpinCo Subs or assets to be acquired by SpinCo Subs, or with respect to any transfers by SpinCo Subs of assets of or entities conducting the business of the Remaining Segments, will not have been obtained before the effective time of the External Distribution. In that event, Parent and SpinCo Corporation will cooperate with each other in any reasonable and lawful arrangements designed to provide to SpinCo Corporation or Parent, as applicable, the benefits, obligations, and liabilities associated with the transferred assets relating to such third-party consent until such third-party consent is obtained. Subject to the terms of any arrangement described in the previous sentence, Parent will pay to SpinCo Corporation, or SpinCo Corporation will pay to Parent, as applicable, any amounts received pertaining primarily to such transferred assets or any claim, right, or benefit arising under such transferred assets. Such transfers described in this paragraph are referred to as “**Post-Closing Adjustment Payments**.”

Parent and SpinCo Corporation will enter into an agreement that sets forth the terms of the Separation and will govern the allocation of various items, including the items above

and liabilities attributable to actions or events occurring prior to the External Distribution that do not become fixed until some time after the External Distribution (the “**Separation and Distribution Agreement**”). Parent and SpinCo Corporation will also enter into other agreements relating to pre-External Distribution liabilities, including an **Employee Matters Agreement** (described below) and a **Tax Matters Agreement** (described below).

Following the External Distribution, Parent will have certain continuing business relationships with SpinCo Corporation. All such relationships will be based on arm’s length terms and conditions. Except as described below, these arrangements are expected to terminate within several years after the External Distribution. The specific relationships are as follows:

Transition Services Agreement – Parent is providing and for many years has been providing various services to the SpinCo Business (along with the Remaining Segments). Parent will agree to perform (or cause its affiliates to perform) certain similar services for SpinCo Corporation after the Separation, pursuant to a transition services agreement (the “**Transition Services Agreement**”) to be entered into by Parent and SpinCo Corporation, to give SpinCo Corporation time to establish the structures and resources to perform such services for itself. The transition services will be provided for no longer than two years following the External Distribution, subject to certain exceptions. SpinCo Corporation may also provide certain services to Parent and its affiliates following the External Distribution. The services (whether provided by Parent or SpinCo Corporation) will be provided on a cost plus basis, subject to termination by the recipient of such services at any time upon advance notice with respect to all or any service (or portion thereof, subject to certain exceptions). Examples of services that may be provided pursuant to this agreement may include personnel administration, corporate compensation, corporate benefits administration, employee services, office services, distribution, warehousing and transportation, payroll administration, management information services, engineering services, and corporate accounting.

Employee Matters Agreement – Parent and SpinCo Corporation will enter into an agreement that addresses issues associated with the employment of Parent and SpinCo Corporation employees, the transfer of certain assets and the assumption of certain liabilities and other matters relating to employee benefit plans, agreements, and arrangements (the “**Employee Matters Agreement**”).

Tax Matters Agreement – Parent and SpinCo Corporation will enter into an agreement (the “**Tax Matters Agreement**”) that generally addresses two categories of tax issues: taxes on the pre-External Distribution operations of all the business segments (including the SpinCo Business), and taxes that would be imposed if the Separation resulted in tax liabilities. Responsibility for taxes on pre-External Distribution operations and the Separation will be allocated between SpinCo Corporation and Parent (as will be refunds from such periods).

Other Agreements – Parent and SpinCo Corporation may enter into one or more license agreements with respect to certain products (permitting the licensee to market and sell products) or other agreements that contemplate continued interaction between Parent and SpinCo Corporation after the External Distribution. With the possible exception of license agreements, these relationships would be short-term in nature. In all cases, these agreements between Parent and SpinCo Corporation will reflect arm’s length terms and conditions and will not be inconsistent with the overall separation of the SpinCo Business from the Remaining Segments.

Less than half of the SpinCo Corporation Board of Directors (“**Board**”) will also be members of the Parent Board (the “**Overlapping Directors**”). The presence of the Overlapping Directors, if any, will be intended to provide continuity as SpinCo Corporation transitions to becoming a public company and to enable SpinCo Corporation to continue to benefit from the expertise of such directors regarding the SpinCo Business. The Overlapping Directors are expected to remain on the SpinCo Corporation Board for a limited period of time, only as long as necessary to ensure the non-Overlapping Directors on the SpinCo Corporation Board can effectively operate the SpinCo Business as a public company.

Representations

The Distributions

With respect to each of the Distributions, except as set forth below, Parent has made all of the representations in section 3 of the Appendix to Rev. Proc. 2017-52, 2017-41 I.R.B. 283.

(1) Parent has made the following alternative representations set forth in section 3 of the Appendix to Rev. Proc. 2017-52:

Representations 3(a); 8(b) (with respect to Distributions other than 4, 5 and 8); 8(a) (with respect to Distributions 4, 5, and 8); 11(a); 15(b); 22(a); 31(a); 41(a).

(2) Parent has not made the following representations, which do not apply to the proposed transactions:

Representations 7; 24; 25; 35 (with respect to Distributions 1 through 8); 40 (with respect to the External Distribution).

(3) Parent has not made the following representations:

(a) Representation 40 (with respect to each of Distributions 1 through 8).

(b) Representation 43 (with respect to each of Distributions 1, 2, 3, 4 (with respect to Controlled), and 5) but provided the required explanation.

(4) Parent has made the following modified representations:

Representation 5 (with respect to the External Distribution): None of the Controlled stock to be distributed in the Distribution will be received in any capacity other than that of a shareholder of Distributing.

Representation 18 (with respect to the External Distribution): Taking into account any amounts paid by Distributing pursuant to Pre-Closing Payment Items and Post-Closing Adjustment Payments, the total adjusted basis and fair market value of assets transferred by Distributing to Controlled will each equal or exceed the sum of: (i) the total amount of the Liabilities assumed (within the meaning of section 357(d)) by Controlled and (ii) the total amount of any money and the fair market value of other property, if any, received by Distributing and transferred to its shareholders and its creditors.

Representation 32 (with respect to each Distribution): No intercorporate debt will exist between Distributing and Controlled at the time of the Distribution, and no intercorporate debt will exist between Distributing and Controlled subsequent to the Distribution, except in each case for (i) amounts payable under the Transition Services Agreement, the Separation and Distribution Agreement, and the Tax Matters Agreement, which will be settled on an arm's length basis and (ii) payables arising in the ordinary course of business that will be settled after the Distribution on an arm's length basis in the ordinary course of business.

The Conversion

But for it being a part of a larger transaction including the External Contribution and External Distribution, the Conversion will qualify as a liquidation under section 332.

Rulings

For purposes of these rulings, with respect to each of Distribution 1 through Distribution 8 and the External Distribution, references to "Controlled" and "Distributing" are to the distributing corporation and the controlled corporation in each such Distribution, respectively.

Based solely on the information submitted and the representations made, we rule as follows with respect to the Covered Transactions and the Conversion:

External Contribution and External Distribution

1. The External Contribution, followed by the External Distribution, will be a reorganization under section 368(a)(1)(D). Parent and SpinCo Corporation each will be a “party to a reorganization” within the meaning of section 368(b).
2. No gain or loss will be recognized by Parent (i) on its receipt of SpinCo Corporation common stock and the Net Cash Proceeds, if any, or (ii) on the assumption by SpinCo Corporation of the liabilities owed by Parent to the SpinCo Subs (including any of the entities formed to hold the SpinCo Subs as part of the Proposed Transactions), in connection with the External Contribution (sections 357(a) and 361(b)).
3. No gain or loss will be recognized by SpinCo Corporation on the External Contribution (section 1032(a)).
4. The basis in each asset received by SpinCo Corporation in the External Contribution will equal the basis of that asset in the hands of Parent immediately before the External Contribution (section 362(b)).
5. The holding period in each asset received by SpinCo Corporation in the External Contribution will include the period during which Parent held that asset (section 1223(2)).
6. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) the Parent shareholders as a result of the External Distribution (section 355(a)(1)).
7. No gain or loss will be recognized by Parent on the External Distribution (section 361(c)(1)).
8. The basis of the Parent shares and the SpinCo Corporation shares in the hands of each distributee Parent shareholder after the External Distribution will be the same as the basis of the Parent shares in the hands of such distributee Parent shareholder immediately before the External Distribution, allocated between the Parent shares and the SpinCo Corporation shares in proportion to the fair market value of each in accordance with section 358(a)(1) and Treas. Reg. § 1.358-2(a)(2) (section 358(b)(2) and (c)).
9. The holding period of the SpinCo Corporation shares received by each Parent shareholder in the External Distribution will include the holding period of the Parent shares with respect to which the External Distribution will be made, provided that such Parent shares are held as capital assets on the date of the External Distribution (section 1223(1)).
10. As provided in section 312(h), proper allocation of earnings and profits between Parent and SpinCo Corporation will be made under Treas. Reg. § 1.312-10(a).

11. Payments made by Parent to SpinCo Corporation or by SpinCo Corporation to Parent pursuant to either (a) the Pre-Closing Payment Items that (i) have arisen or will arise for a taxable period ending on or before the External Distribution or for a taxable period beginning before and ending after the External Distribution and (ii) will not become fixed and ascertainable until after the External Distribution or (b) the Post-Closing Adjustment Payments will be treated as adjustments to amounts contributed by Parent to SpinCo Corporation or distributed by SpinCo Corporation to Parent immediately before the External Distribution (*Arrowsmith v. Commissioner*, 344 U.S. 6 (1952)). Accordingly, except to the extent of any imputed interest component, for amounts paid by Parent to SpinCo Corporation, Parent will not be entitled to any deduction for the payment of such amounts (see sections 361(a) and 357(a)) and SpinCo Corporation will not recognize any income upon the receipt of such amounts (section 1032(a)). Similarly, except to the extent of any imputed interest component, for amounts paid by SpinCo Corporation to Parent, SpinCo Corporation will not be entitled to any deduction for the payment of such amounts (section 311(a)).

12. Following the External Distribution, neither SpinCo Corporation nor any of its affiliates will be treated as a “successor” to Parent or any of its affiliates for purposes of section 1504(a)(3).

Internal Distributions and Internal Contributions Subject to Section 368(a)(1)(D)

With respect to Contribution 1/Distribution 1, Contribution 2/Distribution 2, Contribution 3/Distribution 5, Contribution 4/Distribution 6, Contribution 5/Distribution 7, and Contribution 6/Distribution 8, the below rulings refer to the distributing corporation as “Distributing” and the controlled corporation as “Controlled,” and to the respective numbered contribution and distribution as the “Contribution” and the “Distribution,” respectively.

13. The Contribution, followed by the Distribution, will qualify as a reorganization under section 368(a)(1)(D). Distributing and Controlled each will be a “party to a reorganization” within the meaning of section 368(b).

14. No gain or loss will be recognized by Distributing on the Contribution (sections 357(a) and 361(a)).

15. No gain or loss will be recognized by Controlled on the Contribution (section 1032(a)).

16. The basis of each asset received by Controlled in the Contribution will equal the basis of that asset in the hands of Distributing immediately before the Contribution (section 362(b)).

17. The holding period of each asset received by Controlled in the Contribution will include the period during which Distributing held the asset (section 1223(2)).

18. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) Distributing shareholders as a result of the Distribution (section 355(a)(1)).

19. No gain or loss will be recognized by Distributing as a result of the Distribution (section 361(c)(1)).

20. The holding period of the Controlled shares received by each Distributing shareholder in the Distribution will include the holding period of the Distributing shares with respect to which the Distribution will be made, provided that such Distributing shares are held as capital assets on the date of the Distribution (section 1223(1)).

21. As provided in section 312(h), proper allocation of earnings and profits between Distributing and Controlled will be made under Treas. Reg. § 1.312-10(a).

Distributions Subject to Section 355(c)

With respect to Distribution 3 and Distribution 4, the below rulings refer to the distributing corporation as “Distributing” and the controlled corporation as “Controlled,” and to the respective numbered contribution and distribution as the “Contribution” and the “Distribution,” respectively:

22. No gain or loss will be recognized by (and no amount otherwise will be included in the income of) any Distributing shareholder as a result of the Distribution (section 355(a)(1)).

23. No gain or loss will be recognized by Distributing as a result of the Distribution (section 355(c)).

24. The holding period of the Controlled shares received by each Distributing shareholder in the Distribution will include the holding period of the Distributing shares with respect to which the Distribution will be made, provided that such Distributing shares are held as capital assets on the date of the Distribution (section 1223(1)).

25. The earnings and profits of Distributing and Controlled will be determined in accordance with section 312(h) and Treas. Reg. § 1.312-10(b).

The Conversion

With respect to the Conversion:

26. The transfer of the Reincorporated Assets to Sub29 in Step 1.2 will not preclude the Conversion from qualifying as a complete liquidation under section 332.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the proposed transactions under any provision of the Code and regulations or the tax treatment of any condition existing at the time of, or effects resulting from, the proposed transactions that is not specifically addressed by this letter.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

A copy of this ruling letter should be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transaction covered by this ruling letter is consummated. 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.

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

Sincerely,

Gerald B. Fleming
Senior Technician Reviewer, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: