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Person To Contact: \_\_\_\_\_, ID No.

Telephone Number:

Refer Reply To:  
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April 08, 2021

Legend

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Sub 13 =

Sub 14 =

Sub 15 =

Sub 16 =

Sub 17 =

Sub 18 =

Sub 19 =

Sub 20 =

Sub 21 =

Sub 22 =

Sub 23 =

Sub 24 =

DE 1 =

DE 2 =

DE 3 =

DE 4 =

DE 5 =

DE 6 =

DE 7 =

DE 8 =

DE 9 =

DE 10 =

FPartnership =

FSub 1 =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

FSub 7 =

FSub 8 =

FSub 9 =

Business A1 =

Business A2 =

Business B1 =

Business B2 =

Business B3 =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Country A =

Country B =

Country C =

Country A IP =

Country B IP =

Instruments =

a =  
b =  
c =  
d =  
e =  
f =  
g =  
h =  
i =  
i =  
k =  
l =  
m =  
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w =

x =

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aa =

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hh =

ii =

jj =

kk =

ll =

mm =

Continuing Relationships =

Dear \_\_\_\_\_ :

This letter responds to your letter dated October 12, 2020 requesting rulings on certain federal income tax consequences of a series of transactions (the “**Proposed Transaction**,” as defined below). The material information submitted in that request and 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 sections 355 and 368 of the Internal Revenue Code (the “**Code**”) and pursuant to section 6.03(2) of Rev. Proc. 2020-1, 2020-1 I.R.B. 1, regarding one or more significant issues under sections 332, 337, and 355 of 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 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 each of the distributions in the Proposed Transaction: (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**

Parent is a publicly traded domestic corporation and the common parent of a consolidated group (as defined in Treas. Reg. § 1.1502-1(h)) (the “**Parent Group**”). Parent directly owns all of the outstanding stock of Sub 1 and Sub 2, each of which is a domestic corporation and a member of the Parent Group. Parent is engaged in Business A1, Business A2, Business B1, Business B2, and Business B3 through its direct and indirect domestic and foreign subsidiaries. Financial information has been submitted indicating that each business will have had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years at the time of the Proposed Transaction. The direct and indirect subsidiaries of Parent relevant to the Proposed Transaction are described below.



Sub 1 directly owns all of the outstanding stock of Sub 3 and Sub 4, each of which is a domestic corporation and a member of the Parent Group.

Sub 3 directly owns all of the outstanding stock of Sub 5, Sub 6, and Sub 7, each of which is a domestic corporation and a member of the Parent Group.

Sub 5 directly owns a percent of the outstanding stock of FPartnership, a foreign entity classified as a partnership for U.S. federal income tax purposes. Sub 3 and Sub 7 own the remaining b percent and c percent, respectively.

Sub 6 directly owns all of the outstanding equity interests of DE 1, a domestic eligible entity (within the meaning of Treas. Reg. § 301.7701-3(a)) disregarded as an entity separate from its owner for U.S. federal income tax purposes (a “disregarded entity”), and all of the outstanding stock of FSub 1, a foreign entity that is classified as a corporation for U.S. federal income tax purposes. Sub 6 owns Instruments in FSub 2, a foreign entity classified as a corporation for U.S. federal income tax purposes.

Sub 7 directly owns all of the outstanding stock of Sub 8, Sub 9, and Sub 10, each of which is a domestic corporation and a member of the Parent Group. Sub 7 also directly owns all of the outstanding equity interests of DE 2, DE 3, and DE 4, each of which is a domestic disregarded entity. In addition, Sub 7 directly owns d percent of the outstanding stock of FSub 3, a foreign entity classified as a corporation for U.S. federal income tax purposes. The remaining e percent of the outstanding stock of FSub 3 is owned by unrelated parties.

Sub 8 directly owns all of the outstanding stock of Sub 11, a domestic corporation.

Sub 11 directly owns all of the outstanding stock of FSub 2, other than the Instruments. FSub 2 directly owns all of the outstanding stock of FSub 4 and FSub 5, each of which is a foreign entity classified as a corporation for U.S. federal income tax purposes. FSub 2 also directly owns all of the outstanding stock of DE 5, a foreign disregarded entity.

Sub 4 directly owns all of the outstanding stock of Sub 12 and Sub 13, each of which is a domestic corporation and a member of the Parent Group, and all of the outstanding stock of FSub 6, a foreign entity classified as a corporation for U.S. federal income tax purposes. Sub 4 also directly owns all of the outstanding equity interests of DE 6, DE 7, DE 8, and DE 9, each of which is a domestic disregarded entity.

DE 8 directly owns f percent of the outstanding stock of FSub 7, a foreign entity classified as a corporation for U.S. federal income tax purposes. DE 9 owns the remaining g percent of the outstanding stock of FSub 7.

DE 7 directly owns all of the outstanding equity interests of DE 10, a domestic disregarded entity.

Sub 2 directly owns all of the outstanding stock of Sub 14 and Sub 15, each of which is a domestic corporation and a member of the Parent Group. Sub 2 also directly owns h

percent of the outstanding stock of Sub 16, also a domestic corporation and member of the Parent Group. The remaining i percent of the outstanding stock of Sub 16 is owned by Sub 16 employees.

Sub 14 directly owns all of the outstanding stock of Sub 17, Sub 18, Sub 19, Sub 20, and Sub 21, each of which is a domestic corporation and a member of the Parent Group.

Sub 18 directly owns all of the outstanding stock of Sub 22, a domestic corporation and a member of the Parent Group.

Sub 21 directly owns all of the outstanding stock of FSub 8, a foreign entity classified as a corporation for U.S. federal income tax purposes.

Sub 15 directly owns all of the outstanding stock of Sub 23 and Sub 24, each of which is a domestic corporation and a member of the Parent Group.

Sub 23 owns all of the outstanding stock of FSub 9, a foreign entity classified as a corporation for U.S. federal income tax purposes.

On Date 1, in preparation for the Proposed Transaction, Sub 7 transferred Business B3 designated employees to DE 10.

### The Merger

On Date 2, Sub 1 and Sub 2 combined under Parent pursuant to several transactions that were intended to qualify for nonrecognition of gain and loss under section 351 or section 368(a), or both (the “**Merger**”). Parent expects that overlapping shareholders held a significant amount of Parent common stock immediately after the Merger.

### **The Proposed Transaction**

For what are represented to be valid business reasons, Parent proposes to separate Business B1, Business B2, and Business B3 from Business A1 and Business A2. The relevant steps of the Proposed Transaction are set forth below.

1. Sub 22 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 11”). The conversion is intended to qualify under sections 332 and 337.
2. Following Step 1, Sub 18 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 12”). The conversion is intended to qualify under sections 332 and 337.
3. Following Step 2, Sub 20 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 13”). The conversion is intended to qualify under sections 332 and 337.

4. Following Step 3, Sub 14 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, "DE 14") (the "**Sub 14 Liquidation**"). The conversion is intended to qualify under sections 332 and 337.
5. Following Step 4, DE 11 will distribute the following assets to DE 12: (1) the intercompany receivable of \$j from DE 14 and (2) the intercompany receivable of \$k from Sub 21. The distribution is intended to be disregarded for U.S. federal income tax purposes.
6. Following Step 4, DE 13 will distribute the following assets to DE 14: (1) the intercompany receivable of \$l from Sub 21; (2) the intercompany receivable of \$m from FSub 8; and (3) the intercompany receivable of \$n from DE 14. The distribution is intended to be disregarded for U.S. federal income tax purposes.
7. Following Step 5, DE 12 will distribute the following assets to DE 14: (1) the intercompany receivable of \$o from Sub 21; (2) the intercompany receivable of \$p from FSub 8; (3) the intercompany receivable of \$q from FSub 9; (4) the intercompany receivable of \$j from DE 14; and (5) the intercompany receivable of \$k from Sub 21. The distribution is intended to be disregarded for U.S. federal income tax purposes.
8. Following Steps 6 and 7, DE 14 will distribute the following assets (collectively, the "**DE 14 Business A1 Assets**") to Sub 2: (1) all of the business assets and related liabilities of Business A1; (2) all of the outstanding stock of Sub 19; (3) all of the outstanding stock of Sub 17; (4) all of the outstanding equity interests of DE 12; (5) all of the outstanding equity interests of DE 13; (6) the intercompany receivable of \$r from Sub 19; (7) the intercompany receivable of \$s from Sub 17; (8) the intercompany receivable of \$t from DE 12; (9) the intercompany receivable of \$u from Sub 2; and (10) the intercompany receivable of \$y from Parent. The distribution is intended to be disregarded for U.S. federal income tax purposes.
9. Sub 2 will form a domestic corporation, Sub 25, by contributing a nominal amount of cash in exchange for stock of Sub 25.
10. Sub 15 will distribute the following assets to Sub 2: (1) the intercompany receivable of \$w from Sub 2; and (2) the intercompany receivable of \$x from Parent. The distribution is intended to be a distribution described in sections 301 and 311.
11. Parent will repay its intercompany payable of \$y to Sub 16.
12. Following Steps 8 through 11, Sub 2 will contribute the following assets (collectively, the "**Sub 2 Business B1 Assets**") to Sub 25: (1) the intercompany loan receivable of \$z from Sub 16; (2) the intercompany receivable of \$aa from Sub 16; (3) the intercompany receivable of \$bb from Sub 24; (4) all of the

- outstanding equity interests of DE 14; (5) all of the outstanding stock of Sub 15; and (6) all of the stock of Sub 16 held by Sub 2 (the “**Sub 25 Contribution**”).
13. Following Step 12, Sub 2 will distribute all of the outstanding stock of Sub 25 to Parent on a pro rata basis (the “**Sub 25 Distribution**”). The Sub 25 Contribution and the Sub 25 Distribution are intended to qualify under sections 355(a) and 368(a)(1)(D). The Sub 25 Distribution will occur no earlier than Date 4.
  14. Parent will form a domestic eligible entity under state law, DE 15, by contributing a nominal amount of cash in exchange for equity interests of DE 15. DE 15 will be a disregarded entity.
  15. Following Step 14, Parent will contribute cash equal to (1) the fair market value of the Country A IP and (2) the fair market value of the Country B IP to DE 15. The contribution is intended to be disregarded for U.S. federal income tax purposes.
  16. Following Step 15, FSub 8 will exchange the FSub 8 Business A1 designated intellectual property (i.e., the Country B IP) to DE 15 in exchange for cash equal to the fair market value of the Country B IP. The exchange is intended to be taxable under section 1001.
  17. Following Step 15, Sub 21 will exchange the Sub 21 Business A1 designated intellectual property (i.e., the Country A IP) to DE 15 in exchange for cash equal to the fair market value of the Country A IP. The exchange is intended to be taxable under section 1001.
  18. Sub 10 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 16”). The conversion is intended to be a taxable transaction.
  19. Sub 9 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 17”) (the “**Sub 9 Liquidation**”). The conversion is intended to qualify under sections 332 and 337.
  20. Sub 6 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 18”). The conversion is intended to qualify under sections 332 and 337.
  21. Following Step 20, Sub 3 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 19”). The conversion is intended to qualify under sections 332 and 337.
  22. Following Step 21, Sub 1 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, “DE 20”) (the “**Sub 1 Liquidation**”). The conversion is intended to qualify under sections 332 and 337.

23. Following Step 19, DE 17 will distribute the intercompany receivable of \$cc from Sub 7 to Sub 7. The distribution is intended to be disregarded for U.S. federal income tax purposes.
24. Following Step 18, Sub 7 will contribute the intercompany receivable of \$dd from DE 16 to DE 16 and will assume DE 16's intercompany payable of \$ee to DE 18. The contribution and assumption are intended to be disregarded for U.S. federal income tax purposes.
25. FPartnership will distribute \$ff cash to Sub 5. The distribution is intended to be a distribution described in section 731.
26. Following Step 25, Sub 5 will repay the intercompany payable of \$gg to Sub 4.
27. Sub 4 will contribute the following assets (collectively, the "**Sub 4 Business B2 Assets**") to DE 7: (1) its assets and liabilities related to Business B2 (including all intercompany receivables and payables where the counterparty is a Business B2 entity); (2) the intercompany receivable of \$hh from DE 10; and (3) all of the outstanding equity interests of DE 6. The contribution is intended to be disregarded for U.S. federal income tax purposes.
28. Following Step 27, DE 7 will contribute the Sub 4 Business B2 Assets to DE 10. The contribution is intended to be disregarded for U.S. federal income tax purposes.
29. Following Step 27, Sub 4 will distribute all of the outstanding equity interests of DE 7 to DE 20. The distribution is intended to be a distribution described in sections 301 and 311.
30. Following Step 29, DE 20 will distribute all of the outstanding equity interests of DE 7 to Parent. The distribution is intended to be disregarded for U.S. federal income tax purposes.
31. Following Step 30, DE 18 will transfer the following assets (collectively, the "**DE 18 Business B2 Assets**") to DE 7 in exchange for no consideration: (1) its assets and liabilities related to Business B2 (including all intercompany receivables and payables where the counterparty is a Business B2 entity); and (2) all of the outstanding equity interests of DE 1. The transfer is intended to be disregarded for U.S. federal income tax purposes.
32. Following Step 26, DE 19 will exchange all of the outstanding stock of Sub 5 to Sub 7 for stock of Sub 7 equal to the fair market value of the stock of Sub 5.
33. Following Step 32, Sub 5 will convert to a domestic eligible entity under state law and will be a disregarded entity (thereafter, "DE 21"). This step, together with Step 32, is intended to qualify as a reorganization under section 368(a)(1)(D).

34. Following Step 33, DE 21 will exchange the Business A2 related assets to Sub 7 for cash equal to the fair market value of the stock of DE 21's Business A2 related assets. The exchange is intended to be disregarded for U.S. federal income tax purposes.
35. Sub 8 will distribute the following to Sub 7: (1) all of the outstanding stock of Sub 11; and (2) a portion of the intercompany receivable of \$ij from Sub 7 to the extent of Sub 7's remaining stock basis in Sub 8 after the distribution of the stock of Sub 11. The distribution is intended to be a distribution described in sections 301 and 311.
36. Sub 7 will form a domestic eligible entity under state law, DE 22, by contributing a nominal amount of cash in exchange for memberships interests in DE 22. DE 22 will be a disregarded entity.
37. Following Step 36, DE 22 will enter into renewed Business B2 contracts with third parties.
38. Following Step 37, DE 22 will convert to a corporation under state law (thereafter, "Sub 26").
39. Following Steps 35 through 38, Sub 7 will contribute the following assets (collectively, the "**Sub 7 Business B2 Assets**") to Sub 26: (1) all of the assets and liabilities of Sub 7 related to Business B2 (including all intercompany receivables and payables where the counterparty is an entity that conducts Business B2); (2) all of the outstanding memberships interests of DE 3; (3) all of the outstanding equity interests of DE 4; (4) all of the outstanding equity interests of DE 17; (5) all of the outstanding equity interests of DE 16; (6) all of the outstanding equity interests of DE 2; (7) all of the outstanding stock of Sub 8; (8) all the outstanding equity interests of DE 21; and (9) the d percent stock in FSub 3 held by Sub 7 (the "**Sub 26 Contribution**").
40. Following Step 39, Sub 7 will distribute all of the outstanding stock of Sub 26 to DE 19 (the "**Sub 26 Distribution**"). The Sub 26 Contribution and the Sub 26 Distribution are intended to qualify under sections 355(a) and 368(a)(1)(D). The Sub 26 Distribution will occur no earlier than Date 3.
41. Following Step 40, DE 19 will distribute all of the outstanding stock of Sub 26 to DE 20. The distribution is intended to be disregarded for U.S. federal income tax purposes.
42. Following Step 41, DE 20 will distribute all of the outstanding stock of Sub 26 to Parent. The distribution is intended to be disregarded for U.S. federal income tax purposes.

43. Following Step 42, Parent will contribute all the outstanding stock of Sub 26 to DE 7. The contribution is intended to be disregarded for U.S. federal income tax purposes.
44. Following Step 30, Sub 4 will transfer all of the outstanding equity interests of each of DE 8 and DE 9 to DE 7 in exchange for no consideration. The transfer is intended to be treated as a distribution described in sections 301 and 311.
45. FSub 1 will elect to become a disregarded entity (thereafter, "DE 23"). The conversion is intended to qualify under sections 332 and 337.
46. Following Step 45, DE 5 will transfer the Business A2 designated employees to DE 23.
47. Following Step 46, FSub 2 will exchange all of the outstanding stock of DE 5 to Sub 8 for cash equal to the fair market value of the stock of DE 5. The exchange is intended to be taxable under section 1001.
48. DE 18 will form a new Country C entity, DE 24, which will make an initial election to be a disregarded entity.
49. Following Step 48, FSub 4 will transfer the Business A2 designated employees to DE 24.
50. Following Step 49, FSub 2 will exchange all of the outstanding stock of FSub 4 to DE 7 for cash equal to the fair market value of the stock of FSub 4. The exchange is intended to be taxable under section 1001.
51. Following Step 30, FSub 2 will transfer all of the outstanding share of FSub 5 to DE 7 in exchange for cash equal to the fair market value of the stock of FSub 5. The exchange is intended to be taxable under section 1001.
52. DE 18 will partially redeem the Instruments of FSub 2 in exchange for cash of \$jj.
53. Following Step 30, Parent will contribute cash equal to the sum of the fair market value of the stock of Sub 12, Sub 13, and FSub 6, and the working capital required for Business B3 of \$kk to DE 7. The contribution is intended to be disregarded for U.S. federal income tax purposes.
54. Following Step 13, Parent will contribute all of the outstanding stock of Sub 25 to DE 7.
55. Following Steps 30, 31, 43, 44, 47, 50, 51, 53, and 54, DE 7 will convert to a corporation under state law (thereafter, "Sub 27") (the "**Sub 27 Contribution**").
56. Sub 4 will contribute the intercompany receivable of \$ll from Sub 12 to Sub 12.

57. Following Steps 55 and 56, Sub 4 will exchange all of the outstanding stock of Sub 12 to Sub 27 for cash equal to the fair market value of the stock of Sub 12. The exchange is intended to be taxable under section 1001.
58. Sub 4 will contribute the intercompany receivable of \$mm from Sub 13 to Sub 13.
59. Following Steps 55 and 58, Sub 4 will exchange all of the outstanding stock of Sub 13 to Sub 27 for cash equal to the fair market value of the stock of Sub 13. The exchange is intended to be taxable under section 1001.
60. Following Step 55, Sub 4 will exchange all of the outstanding stock of FSub 6 to Sub 27 for cash equal to the fair market value of the stock of FSub 6. The exchange is intended to be taxable under section 1001.
61. Following Steps 55, 57, 59, and 60, Parent will distribute all of the outstanding stock of Sub 27 to the shareholders of Parent on a pro rata basis (the “**Sub 27 Distribution**”). The Sub 27 Contribution and the Sub 27 Distribution are intended to qualify under sections 355(a) and 368(a)(1)(D). The Sub 27 Distribution will occur no earlier than Date 4.
62. Sub 27 will contribute the following assets to Sub 26: (1) all of the outstanding stock of FSub 6; (2) all of the outstanding stock of FSub 4; (3) all of the outstanding stock of FSub 5; and (4) all of the outstanding memberships interests of DE 8 and DE 9.
63. Sub 26 will contribute the following assets to Sub 8: (1) all of the outstanding stock of FSub 6; (2) all of the outstanding stock of FSub 4; (3) all of the outstanding stock of FSub 5; and (4) all of the outstanding memberships interests of DE 8 and DE 9.

The Sub 25 Distribution, the Sub 26 Distribution, and the Sub 27 Distribution are collectively referred to as the “**Distributions**”, and each is referred to as a “**Distribution**”.

### Continuing Relationships

In connection with the Proposed Transaction and in order to facilitate a successful separation and stand up of the individual businesses, Sub 27 and Parent will engage in the Continuing Relationships.

### **Representations**

Parent has made the following representations with respect to the Proposed Transaction.

### The Sub 25 Distribution



With respect to the Sub 25 Distribution, except as set forth below, Parent has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52.

1. Parent has made the following alternative representations: Representations 3(a); 8(b); 11(a); 15(b); 22(a); 31(a); 41(a).
2. Parent has not made the following representations, which do not apply to the Sub 25 Distribution: Representations 7, 19, 20, 24, 25, and 39.
3. Parent has not made Representation 40.
4. Parent has made the following modified representations:

Representation 2: In the Sub 25 Distribution, Sub 2 will distribute on the same day all the stock of Sub 25 that it holds immediately before the Sub 25 Distribution.

Representation 5: None of the Sub 25 stock to be distributed in the Sub 25 distribution will be received in any capacity other than that of a shareholder of Sub 2.

In addition, with respect to the Sub 25 Distribution, except as set forth below, Parent has made all of the representations set forth in section 3.04 of Rev. Proc. 2018-53.

5. Parent has not made Representations 4 and 6 but has provided the required explanation.

#### The Sub 26 Distribution

With respect to the Sub 26 Distribution, except as set forth below, Parent has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52.

6. Parent has made the following alternative representations: Representations 3(a); 8(b); 11(a); 15(b); 22(a); 31(a); 41(a).
7. Parent has not made the following representations, which do not apply to the Sub 26 Distribution: Representations 7, 19, 20, 24, 25, and 39.
8. Parent has not made Representation 40.
9. Parent has made the following modified representations:

Representation 2: In the Sub 26 Distribution, Sub 7 will distribute on the same day all of the stock of Sub 26 that it holds immediately before the Sub 26 Distribution.

Representation 5: None of the Sub 26 stock to be distributed in the Sub 26 Distribution will be received in any capacity other than that of a shareholder of Sub 7.

In addition, with respect to the Sub 26 Distribution, except as set forth below, Parent has made all of the representations set forth in section 3.04 of Rev. Proc. 2018-53.

10. Parent has not made Representations 4 and 6 but has provided the required explanation.

#### The Sub 27 Distribution

With respect to the Sub 27 Distribution, except as set forth below, Parent has made all the representations in section 3 of the Appendix to Rev. Proc. 2017-52.

11. Parent has made the following alternative representations: Representations 3(a); 8(b); 11(a); 15(b); 22(a); 31(a); 41(a).
12. Parent has not made the following representations, which do not apply to the Sub 27 Distribution: Representations 7, 19, 20, 24, 25, 39, and 40.
13. Parent has not made Representation 37.
14. Parent has made the following modified representations:

Representation 2: In the Sub 27 Distribution, Parent will distribute on the same day all the stock of Sub 27 that it holds immediately before the Sub 27 Distribution.

Representation 5: None of the Sub 27 stock to be distributed in the Sub 27 Distribution will be received in any capacity other than that of a shareholder of Parent.

In addition, with respect to the Sub 27 Distribution, except as set forth below, Parent has made all of the representations set forth in section 3.04 of Rev. Proc. 2018-53.

15. Parent has not made Representations 4 and 6 but has provided the required explanation.

#### Additional Representations

With respect to the Proposed Transaction, Parent has made the following additional representations:

16. Other than the reincorporation of assets deemed distributed by Sub 14, the Sub 14 Liquidation will otherwise qualify as a tax-free liquidation under section 332.

17. Other than the reincorporation of assets deemed distributed by Sub 9, the Sub 9 Liquidation will otherwise qualify as a tax-free liquidation under section 332.
18. Other than the reincorporation of assets deemed distributed by Sub 1, the Sub 1 Liquidation will otherwise qualify as a tax-free liquidation under section 332.

### **Rulings**

Based solely on the information and representations submitted, we rule as follows regarding the Proposed Transaction:

#### The Sub 25 Distribution

- (1) The Sub 25 Distribution, together with the Sub 25 Contribution, will qualify as a reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. Sub 2 and Sub 25 will each be a “party to the reorganization” within the meaning of section 368(b).
- (2) No gain or loss will be recognized by Sub 2 as a result of the Sub 25 Contribution. Sections 357(a) and 361(a).
- (3) No gain or loss will be recognized by Sub 25 as a result of the Sub 25 Contribution. Section 1032(a).
- (4) Sub 25’s basis in each asset received in the Sub 25 Contribution will be equal to the basis of that asset in the hands of Sub 2 immediately before the Sub 25 Contribution. Section 362(b).
- (5) The holding period in each asset received by Sub 25 in the Sub 25 Contribution will include the period during which such asset was held by Sub 2. Section 1223(2).
- (6) No gain or loss will be recognized by Sub 2 on the Sub 25 Distribution. Section 361(c).
- (7) No gain or loss will be recognized by (and no amount will be included in the income of) Sub 2’s shareholder on the receipt of Sub 25 stock in the Sub 25 Distribution. Section 355(a).
- (8) The aggregate basis of the Sub 2 stock and the Sub 25 stock in the hands of Sub 2’s shareholder after the Sub 25 Distribution will equal the aggregate adjusted basis of the Sub 2 stock held by Sub 2’s shareholders immediately before the Sub 25 Distribution, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2). Section 358(b).
- (9) The holding period of the Sub 25 stock received by Sub 2’s shareholder in the Sub 25 Distribution will include the holding period of the Sub 2 stock with respect to which the distribution of the Sub 25 stock was made, provided that the Sub 2

stock is held as a capital asset on the date of the Sub 25 Distribution. Section 1223(1).

- (10) Earnings and profits (“**E&P**”) will be allocated between Sub 2 and Sub 25 in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33(f), as applicable.

#### The Sub 26 Distribution

- (11) The Sub 26 Distribution, together with the Sub 26 Contribution, will qualify as a reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. Sub 7 and Sub 26 will each be a “party to the reorganization” within the meaning of section 368(b).
- (12) No gain or loss will be recognized by Sub 7 as a result of the Sub 26 Contribution. Sections 357(a) and 361(a).
- (13) No gain or loss will be recognized by Sub 26 as a result of the Sub 26 Contribution. Section 1032(a).
- (14) Sub 26’s basis in each asset received in the Sub 26 Contribution will be equal to the basis of that asset in the hands of Sub 7 immediately before the Sub 26 Contribution. Section 362(b).
- (15) The holding period in each asset received by Sub 26 in the Sub 26 Contribution will include the period during which such asset was held by Sub 7. Section 1223(2).
- (16) No gain or loss will be recognized by Sub 7 on the Sub 26 Distribution. Section 361(c).
- (17) No gain or loss will be recognized by (and no amount will be included in the income of) Sub 7’s shareholder on the receipt of Sub 26 stock in the Sub 26 Distribution. Section 355(a).
- (18) The aggregate basis of the Sub 7 stock and the Sub 26 stock in the hands of Sub 7’s shareholder after the Sub 26 Distribution will equal the aggregate adjusted basis of the Sub 7 stock held by Sub 7’s shareholder immediately before the Sub 26 Distribution, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2). Section 358(b).
- (19) The holding period of the Sub 26 stock received by Sub 7’s shareholder in the Sub 26 Distribution will include the holding period of the Sub 7 stock with respect to which the distribution of the Sub 26 stock was made, provided that the Sub 7 stock is held as a capital asset on the date of the Sub 26 Distribution. Section 1223(1).

- (20) E&P will be allocated between Sub 7 and Sub 26 in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33(e).

#### The Sub 27 Distribution

- (21) The Sub 27 Distribution, together with the Sub 27 Contribution, will qualify as a reorganization and distribution pursuant to sections 368(a)(1)(D) and 355. Parent and Sub 27 will each be a “party to the reorganization” within the meaning of section 368(b).
- (22) No gain or loss will be recognized by Parent as a result of the Sub 27 Contribution. Sections 357(a) and 361(a).
- (23) No gain or loss will be recognized by Sub 27 as a result of the Sub 27 Contribution. Section 1032(a).
- (24) Sub 27’s basis in each asset received in the Sub 27 Contribution will be equal to the basis of that asset in the hands of Parent immediately before the Sub 27 Contribution. Section 362(b).
- (25) The holding period in each asset received by Sub 27 in the Sub 27 Contribution will include the period during which such asset was held by Parent. Section 1223(2).
- (26) No gain or loss will be recognized by Parent on the Sub 27 Distribution. Section 361(c).
- (27) No gain or loss will be recognized by (and no amount will be included in the income of) Parent’s shareholders on the receipt of Sub 27 stock in the Sub 27 Distribution. Section 355(a).
- (28) The aggregate basis of the Parent stock and the Sub 27 stock in the hands of Parent’s shareholders after the Sub 27 Distribution will equal the aggregate adjusted basis of the Parent stock held by Parent’s shareholders immediately before the Sub 27 Distribution, allocated in the manner described in Treas. Reg. § 1.358-2(a)(2). Section 358(b).
- (29) The holding period of the Sub 27 stock received by Parent’s shareholders in the Sub 27 Distribution will include the holding period of the Parent stock with respect to which the distribution of the Sub 27 stock was made, provided that the Sub 27 stock is held as a capital asset on the date of the Sub 27 Distribution. Section 1223(1).
- (30) E&P will be allocated between Parent and Sub 27 in accordance with section 312(h) and Treas. Reg. §§ 1.312-10(a) and 1.1502-33(e).

#### The Merger

- (31) For purposes of applying section 355(e)(3)(A)(iv), to the extent the Merger is treated as an acquisition of Sub 1 and Sub 2 that is part of a plan that includes the Distributions under section 355(e) and Treas. Reg. § 1.355-7 (a “Plan Acquisition”), the percentage of Parent stock acquired in the Merger will be analyzed separately from the perspective of each of Sub 1 and Sub 2 (without aggregating the calculations for the two sides) and will not be greater than the percentage obtained through a comparison of each Parent shareholder’s percentage interest in the stock of Sub 1 or Sub 2, as the case may be, immediately before the first Plan Acquisition with such shareholder’s post-Merger percentage interest in the stock of Parent.
- (32) During the section 355(e) comparison period, which begins immediately before the first acquisition of stock of the relevant company made by any shareholder of the relevant company that is part of a plan that includes that Distribution under section 355(e) and Treas. Reg. § 1.355-7, and ends immediately after the later of (i) the last acquisition of stock of the relevant company made by any shareholder of the relevant company that is part of a plan that includes that Distribution under section 355(e) and Treas. Reg. § 1.355-7 and (ii) that Distribution, any increase in ownership of stock, by vote or value, by a shareholder that occurs as a result of any Plan Acquisition during such period will be offset and reduced by any decrease in ownership of stock, by vote or value, by that shareholder during such period. In the case of any shareholder that is a widely held investment vehicle with public investors (such as a mutual fund or an exchange-traded fund), the amount of any increase or decrease will be made without regard to changes in ownership of such investment vehicles by their public investors. In making these determinations, Parent, absent actual knowledge to the contrary, may rely upon publicly available information reporting ownership as of the closest point in time preceding the Plan Acquisition that discloses the relevant shareholder’s ownership stake of equity in the relevant counterparty. For purposes of this ruling, “actual knowledge” means the actual knowledge of the VP Tax of Parent, or a person with a functionally similar position at Sub 27.

#### The Sub 14 Liquidation

- (33) The reincorporation of certain Business B1 assets in Step 12 will not preclude the Sub 14 Liquidation from qualifying under sections 332 and 337.

#### The Sub 9 Liquidation

- (34) The reincorporation of certain Business B2 assets in Step 39 will not preclude the Sub 9 Liquidation from qualifying under sections 332 and 337.

#### The Sub 1 Liquidation

- (35) The reincorporation of certain Business B3 assets in Step 55 will not preclude the Sub 1 Liquidation from qualifying under sections 332 and 337.

**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 should be attached to the federal 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 on and control number (PLR-123113-20) of this 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 representative.

Sincerely,

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Austin Diamond-Jones  
Senior Technician Reviewer, Branch 1  
Office of Associate Chief Counsel (Corporate)

cc: