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Date:
July 24, 2009

TY:

Legend

ForeignParent =

ForeignSub1 =

ForeignSub2 =

ForeignSub3 =

ForeignSub4 =

ForeignSub5 =

ForeignSub6 =

Parent =

Sub1 =

Sub2 =

Sub3 =

Sub4 =

Sub5 =

Sub6 =

BusinessActivityA =

BusinessActivityB =

BusinessActivityC =

BusinessActivityD =

StateA =

CountryA =

CountryB =

CountryC =

Date1 =

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Date 3 =

BusinessDivision1 =

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X% =

Y% =

$A =

NewName =

DE1 =

DE2 =

Service Center =

Dear :

This letter responds to your representative's March 13, 2009, letter requesting rulings as to the Federal income tax consequences of proposed transactions. Additional information was received subsequently. The material information submitted in that letter and subsequent correspondence is summarized below.

The rulings contained in this letter are based upon facts and representations that were submitted on behalf of the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material 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. In particular, this office has not reviewed any information pertaining to, and has made no determination regarding: (i) whether the distributions described below satisfy the business purpose requirement of §1.355-2(b) of the Income Tax Regulations (the regulations); (ii) whether the distributions are used principally as a device for the distribution of the earnings and profits of the distributing company or the controlled companies or both (see section 355(a)(1)(B) of the Internal Revenue Code (the Code) and §1.355-2(d) of the regulations); and (iii) whether the distributions are part of a plan (or a series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a fifty percent (50%) or greater interest in the distributing company or the controlled companies (see section 355(e) of the Code and §1.355-7 of the regulations).

SUMMARY OF FACTS

ForeignParent is a CountryA company. In Date1, ForeignParent acquired for cash and ForeignParent stock all of the stock of ForeignSub1, a CountryA company.

ForeignSub1 owns all of the stock of both ForeignSub2, a CountryA company, and ForeignSub3, a CountryA company. ForeignSub2 owns X% of the stock of

ForeignSub4, a CountryA company, and ForeignSub3 owns the remaining Y%. ForeignSub4 owns all of the stock of Parent, a StateA corporation.

Parent is a holding company that is the common parent of an affiliated group of corporations that files a consolidated return for U.S. federal income tax purposes (the "Parent Group").

Parent owns all of the stock of Sub1 and Sub2.

Sub1 is a holding company that owns all of the stock of Sub3 and Sub4, and all of the common stock of ForeignSub5.

Sub3 is a holding company that owns all of the stock of Sub5 and Sub6. Sub5 owns all of the stock of ForeignSub6 and all the preference shares of ForeignSub5.

Sub1, Sub2, Sub3, Sub4, Sub5, and Sub6 are all members of the Parent Group and have been so for at least five years.

Sub2 conducts BusinessActivityA. Sub4 conducts BusinessActivityB. Sub5 conducts BusinessActivityC. Sub6 conducts BusinessActivityD. Each of the foregoing corporations has conducted their respective business for at least the preceding five years.

Prior to its Date1 acquisition by ForeignParent, ForeignSub1 and its affiliates did not structurally align entities by business segment. ForeignParent has concluded that the Parent Group's businesses are not aligned in a manner consistent with the overall ForeignParent corporate business strategy. In order to better align its businesses along functional lines, ForeignParent is undertaking a global restructuring initiative in which certain entities will be realigned to allow for functional reporting on behalf of entire business lines directly to ForeignParent's senior management in CountryA.

PROPOSED TRANSACTIONS

In order to achieve the business purposes described above, ForeignParent will undertake (or where indicated, has undertaken) the Proposed Transactions which consist of the following series of steps:

1. All intercompany account balances between and among Sub5, Sub6, Parent, Sub1, and Sub4 will be settled through contributions and/or distributions.

2. ForeignSub5 disposed of the following unrelated business divisions to unrelated third parties: (i) BusinessDivision1 on Date2, and (ii) BusinessDivision2 on Date3. ForeignSub5 will change its name to NewName (the redacted identifier "ForeignSub5" refers to the corporation before and after the name-change, as the case may be).

3. Sub3 will convert to a U.S. limited liability company ("DE1") (the "Sub3 Conversion"). DE1 will not elect to be treated as other than an entity disregarded as separate from its owner for U.S. federal income tax purposes under Treas. Reg. §301.7701-3.

4. DE1 will distribute the stock of Sub5 and the stock of Sub6 to Sub1.

5. Sub1 will contribute the common stock of ForeignSub5 to Sub5 (the "Sub5 Contribution") in exchange for Sub5 stock and a promissory note (the "Sub5 Note").

6. Parent will merge into Sub1 with Sub1 surviving (the "Parent Merger").

7. Sub2 will merge into a StateA LLC newly formed by Sub1 ("DE2") (the "Sub2 Merger"). DE2 will not elect to be treated as other than an entity disregarded as separate from its owner for U.S. federal income tax purposes under Treas. Reg. §301.7701-3.

8. Sub6 and Sub4 each will distribute a promissory note (the "Sub6 Note" and the "Sub4 Note") to Sub1 (the "Sub6 Note Distribution" and "Sub4 Note Distribution").

9. Sub1 will partially repay its obligation to ForeignSub4 with the Sub5 Note, the Sub6 Note, and the Sub4 Note.

10. Sub1 will distribute the stock of Sub4 to ForeignSub4 (the "Sub4 Spin-Off").

11. Sub1 will distribute the stock of Sub6 to ForeignSub4 (the "Sub6 Spin-Off").

12. Sub1 will distribute the stock of Sub5 to ForeignSub4 (the "Sub5 Distribution") (together with the Sub5 Contribution, the "Sub5 Spin-Off," and the Sub5 Spin-Off together with the Sub4 Spin-Off and the Sub6 Spin-Off, the "Spin-Offs").

13. ForeignSub4 will form two new CountryA holding companies ("Sub5 Holding Company" and "Parent Holding Company"). Each company will be treated as a corporation for U.S. federal tax purposes.

14. ForeignSub4 will contribute the stock of Sub5 to Sub5 Holding Company.

15. ForeignSub4 will contribute the stock of Sub1 to Parent Holding Company.

REPRESENTATIONS

Parent, on behalf of itself and the members of the Parent Group, makes the following representations regarding the Proposed Transactions:

The Sub3 Conversion

1. Sub1, on the date of adoption of the plan of conversion, and at all times until the deemed liquidation is complete, will be the owner of at least 80 percent of the total combined voting power of all classes of stock of Sub3 entitled to vote and the owner of at least 80 percent of the total value of all classes of stock (excluding nonvoting stock that is limited and preferred as to dividends and otherwise meets the requirements of section 1504(a)(4)).

2. No shares of Sub3 stock will have been redeemed during the three years preceding the date of adoption of the plan of conversion for Sub3.

3. All deemed distributions pursuant to the plan of conversion will be made within a single taxable year of Sub3. Upon the Sub3 Conversion, Sub3 will cease to exist for U.S. federal income tax purposes.

4. For U.S. federal income tax purposes, Sub3 will retain no assets following the Sub3 Conversion.

5. Sub3 will not have acquired assets in any nontaxable transaction at any time, except for acquisitions occurring more than three years prior to the date of adoption of the plan of conversion.

6. No assets of Sub3 have been, or will be, disposed of by either Sub3 or Sub1 except for dispositions in the ordinary course of business, dispositions occurring more than three years prior to the date of adoption of the plan of conversion, and transfers occurring as part of the Sub6 and Sub4 Spin-Offs.

7. The deemed liquidation of Sub3 in the Sub3 Conversion will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub3 to another corporation (i) that is the alter ego of Sub3 and (ii) that, directly or indirectly, will be owned more than 20-percent in value by persons holding directly or indirectly more than 20-percent in value of the stock of Sub3. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of section 318(a), as modified by section 304(c)(3).

8. Prior to the adoption of the plan of conversion, no assets of Sub3 will have been distributed in kind, transferred, or sold to Sub1, except for (i) transactions occurring in the normal course of business and (ii) transactions occurring more than three years prior to the date of adoption of the plan of conversion.

9. Sub3 will report all earned income represented by assets that will be deemed distributed to Sub1 such as receivables being reported on a cash basis, unfinished construction contracts, commissions due, etc.

10. The fair market value of the assets of Sub3 will exceed its liabilities both at the date of adoption of the plan of conversion and immediately prior to the Sub3 Conversion.

11. Other than the approximately $A intercompany payable from Sub3 to Sub1 that will be settled in Step 1, there is no intercorporate debt existing between Sub1 and Sub3 and none has been cancelled, forgiven, or discounted, except for transactions that occurred more than three years prior to the date of adoption of the plan of conversion.

12. Sub1 is not an organization that is exempt from U.S. federal income tax under section 501 or any other provision of the Code.

13. All other transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, the Sub3 Conversion have been fully disclosed.

14. The Sub3 Conversion will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

15. Sub3 has not incurred any losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

16. Sub3 does not carry on activities that would rise to the level of a qualified business unit and which, pursuant to Treas. Reg. §1.985-1, would be treated as having a functional currency other than the U.S. dollar.

The Parent Merger

1. The fair market value of the Sub1 stock received by Parent's shareholder(s) in the Parent Merger will be approximately equal to the fair market value of the Parent stock surrendered in the exchange.

2. The Parent Merger will be effected pursuant to state law, under which, as a result of the operation of such laws, the following events will occur simultaneously at the effective time of the Parent Merger: (i) all of the assets (other than those distributed in the transaction) and liabilities (except to the extent satisfied or discharged in the transaction) of Parent will become the assets and liabilities of Sub1; and (ii) Parent will cease its separate legal existence for all purposes.

3. All of the proprietary interests in Parent will be exchanged for Sub1 stock and will be preserved within the meaning of Treas. Reg. §1.368-1(e)(1)(i) and (ii). Sub1

has no plan or intention to reacquire, directly or through a related person (within the meaning of Treas. Reg. §1.368-1(e)(2) and (3)), any of its stock issued in the Parent Merger.

4. The fair market value of the property transferred by Parent to Sub1 will exceed the sum of (a) the amount of liabilities of Parent assumed by Sub1 in the Parent Merger, and (b) the amount of any money and the fair market value of any property (other than stock permitted to be received under section 361(a) without the recognition of gain) received by Parent in the Parent Merger; and the fair market value of the assets of Sub1 will exceed the amount of its liabilities immediately after the Parent Merger.

5. Sub1 has no plan or intention to sell or otherwise dispose of any of the assets of Parent acquired in the Parent Merger, except for dispositions made in the ordinary course of business.

6. The liabilities of Parent, if any, assumed (within the meaning of section 357(d)) by Sub1 in the Parent Merger were incurred by Parent in the ordinary course of its business.

7. Following the Parent Merger, (i) Sub1 will continue its historic business and (ii) will continue the historic business of Parent or use a significant portion of Parent's historic business assets in a business.

8. Sub1, Parent, and Parent's shareholder(s) will each pay their respective expenses, if any, incurred in connection with the Parent Merger.

9. There is no intercorporate indebtedness existing between Parent and Sub1 that was issued, acquired, or will be settled at a discount.

10. No two parties to the Parent Merger are investment companies within the meaning of section 368(a)(2)(F)(iii) and (iv).

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

12. The Parent Merger will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

13. Neither Parent, nor any member of the Parent Group, has incurred losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

14. Parent does not carry on activities that would rise to the level of a qualified business unit and which, pursuant to Treas. Reg. §1.985-1, would be treated as having a functional currency other than the U.S. dollar.

15. Parent has not been at any time during the five year period ending on the date of the Parent Merger a United States Real Property Holding Company, as defined under section 897(c) and Treas. Reg. §1.897-2(b).

16. ForeignSub4 will establish that its interest in Parent is not a United States real property interest, pursuant to Treas. Reg. §1.897-2(g)(1)(i)(A), by obtaining a statement from Parent in accordance with the provisions of Treas. Reg. §1.897-2(g)(1)(ii).

17. Parent will provide notice to the Internal Revenue Service, pursuant to Treas. Reg. §1.897-2(h)(2) and will provide the statement requested by ForeignSub4 to Service Center on or before the 30th day after the requested statement is mailed to ForeignSub4.

The Sub2 Merger

1. The fair market value of the Sub1 stock deemed received by Sub 2's shareholder(s) in the Sub2 Merger will be approximately equal to the fair market value of the Sub2 stock deemed surrendered in the exchange.

2. The Sub2 Merger will be effected pursuant to state law, under which, as a result of the operation of such law, the following events will occur simultaneously at the effective time of the Sub2 Merger: (i) all of the assets (other than those distributed in the transaction) and liabilities (except to the extent satisfied or discharged in the transaction) of Sub2 will become the assets and liabilities of one or more members of the Sub1 combining unit; and (ii) Sub2 will cease its separate legal existence for all purposes.

3. All of the proprietary interests in Sub2 will be deemed exchanged for Sub1 stock and will be preserved within the meaning of Treas. Reg. §1.368-1(e)(1)(i) and (ii). Sub1 has no plan or intention to reacquire, directly or through a related person (within the meaning of Treas. Reg. §1.368-1(e)(2) and (3)), any of its stock deemed issued in the Sub2 Merger.

4. The fair market value of the property transferred by Sub2 to Sub1 will exceed the sum of (a) the amount of liabilities of Sub2 assumed by Sub1 in the Sub2 Merger, and (b) the amount of any money and the fair market value of any property (other than stock permitted to be received under section 361(a) without the recognition of gain) deemed received by Sub2 in the Sub2 Merger; and the fair market value of the assets of Sub1 will exceed the amount of its liabilities immediately after the Sub2 Merger.

5. Sub1 has no plan or intention to sell or otherwise dispose of any of the assets of Sub2 acquired in the Sub2 Merger, except for dispositions made in the ordinary course of business.

6. The liabilities of Sub2, if any, assumed (within the meaning of section 357(d)) by Sub1 in the Sub2 Merger were incurred by Sub2 in the ordinary course of its business.

7. Following the Sub2 Merger, Sub1 will continue the historic business of Sub2 or use a significant portion of the Sub2 historic business assets in a business.

8. Sub1, Sub2, and Sub2's shareholder(s) will each pay their respective expenses, if any, incurred in connection with the Sub2 Merger.

9. There is no intercorporate indebtedness existing between Sub2 and Sub1 that was issued, acquired, or will be settled at a discount.

10. No two parties to the Sub2 Merger are investment companies within the meaning of section 368(a)(2)(F)(iii) and (iv).

11. Sub2 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of section 368(a)(3)(A).

12. The Sub2 Merger will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

13. Neither Sub1, nor any member of the Sub1 consolidated group, including Sub2, has incurred losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

14. Sub2 does not carry on activities that would rise to the level of a qualified business unit and which, pursuant to Treas. Reg. §1.985-1, would be treated as having a functional currency other than the U.S. dollar.

The Sub4 Spin-Off

1. Any indebtedness owed by Sub4 to Sub1 after the Sub4 Spin-Off will not constitute stock or securities.

2. No part of the consideration distributed by Sub1 will be received by ForeignSub4 as a creditor, employee, or in any capacity other than that of a shareholder of Sub1.

3. The five years of financial information submitted on behalf of the BusinessActivityA conducted by Sub2 (and to be conducted by Sub1 after the Sub2 Merger) represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

4. Neither the BusinessActivityA conducted by Sub2 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Sub4 Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub2 Merger, Sub2 will have been the principal owner of the goodwill and significant assets of the BusinessActivityA, and Sub1 will be the owner of these assets following the Sub2 Merger and the Sub4 Spin-Off.

5. The five years of financial information submitted on behalf of the BusinessActivityB that will be conducted by Sub4 immediately after the Sub4 Spin-Off represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

6. Neither the BusinessActivityB conducted by Sub4 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Sub4 Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub4 Spin-Off, Sub4 will have been the principal owner of the goodwill and significant assets of the BusinessActivityB, and Sub4 will continue to be the owner of these assets following the Sub4 Spin-Off.

7. Following the Sub4 Spin-Off, Sub1 and Sub4 will each continue the active conduct of its business, independently and with its separate employees.

8. The Sub4 Spin-Off will be carried out to (i) facilitate the ForeignParent global restructuring by realigning the historic Sub1 businesses according to their function and (ii) obtain cost savings by closing the Sub1 U.S. management office. The Sub4 Spin-Off is motivated, in whole or substantial part, by one or more of these corporate business purposes.

9. The Sub4 Spin-Off will not be used principally as a device for the distribution of earnings and profits of Sub1 or Sub4 or both.

10. There is no plan or intention to liquidate either Sub1 or Sub4, to merge either corporation with any other corporation, or to sell or otherwise dispose of the

assets of either corporation after the Sub4 Spin-Off, except in the ordinary course of business.

11. Sub1 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the Sub4 Spin-Off.

12. No intercorporate debt will exist between Sub1, on the one hand, and Sub4 and its subsidiaries, on the other hand, at the time of, or after, the Sub4 Spin-Off, other than intercompany loans or obligations that have arisen, or will arise, between the parties in the ordinary course of business.

13. Payments made in connection with all continuing transactions, if any, between Sub1 and Sub4 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

14. Neither Sub1 nor Sub4 is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).

15. Immediately before the Sub4 Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see Treas. Reg. §1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; Treas. Reg. §1.1502-13 as published by T.D. 8597). Further, any excess loss account that Sub1 has in the Sub4 stock (or the stock of any direct or indirect subsidiary of Sub4) will be included in income immediately before the Sub4 Spin-Off to the extent required by regulations (see §1.1502-19). At the time of the Sub4 Spin-Off, Sub1 will not have an excess loss account in the stock of Sub4 (or the stock of any direct or indirect subsidiary of Sub4).

16. For purposes of section 355(d), immediately after the Sub4 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub1 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub4 Spin-Off.

17. For purposes of section 355(d), immediately after the Sub4 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub4 stock, that was either (a) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub4 Spin-Off or (b) attributable to distributions on Sub1 stock or securities that were acquired by purchase (as defined in sections 355(d)(5) and (8)) during

the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub4 Spin-Off.

18. The Sub4 Spin-Off will neither increase ForeignParent's ownership (combined direct and indirect) in Sub1 or Sub4 nor provide ForeignParent with a purchased basis (within the meaning of Treas. Reg. §1.355-6(b)(3)(iii)) in the stock of Sub4.

19. The Sub4 Spin-Off is not part of a plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of section 355(d)(4)) in Sub1 or Sub4 (including any predecessor or successor of any such corporation).

20. Immediately after the transaction (as defined in section 355(g)(4)), either (1) no person will hold a 50-percent or greater interest (within the meaning of section 355(g)(3)) in Sub1 or Sub4, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) neither Sub1 nor Sub4 will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

21. The Sub4 Spin-Off will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

22. Neither Sub1, nor any member of the Sub1 consolidated group, including Sub4, has incurred losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

23. Sub1 has not been at any time during the five year period ending on the date of the Sub4 Spin-Off a United States Real Property Holding Company, as defined under section 897(c) and Treas. Reg. §1.897-2(b).

24. ForeignSub4 will establish that its interest in Sub1 is not a United States real property interest, pursuant to Treas. Reg. §1.897-2(g)(1)(i)(A), by obtaining a statement from Sub1 in accordance with the provisions of Treas. Reg. §1.897-2(g)(1)(ii).

25. Sub1 will provide notice to the Internal Revenue Service, pursuant to Treas. Reg. §1.897-2(h)(2) and will provide a statement requested by ForeignSub4 to the Service Center on or before the 30th day after the requested statement is mailed to ForeignSub4.

26. Sub1 and Sub4 will apply the provisions of Treas. Reg. §1.1502-9T(c)(2), as applicable, for purposes of apportioning any Consolidated Overall Foreign Loss, Consolidated Separate Limitation Loss or Consolidated Overall Domestic Loss accounts, as applicable between Sub1 and Sub4 when Sub4 ceases to be a member of the Sub1 consolidated group as a result of the Sub4 Spin-Off.

The Sub6 Spin-Off

1. Any indebtedness owed by Sub6 to Sub1 after the Sub6 Spin-Off will not constitute stock or securities.

2. No part of the consideration distributed by Sub1 will be received by ForeignSub4 as a creditor, employee, or in any capacity other than that of a shareholder of Sub1.

3. The five years of financial information submitted on behalf of the BusinessActivityA conducted by Sub2 (and to be conducted by Sub1 after the Sub2 Merger) represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

4. Neither the BusinessActivityA conducted by Sub2 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Sub6 Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub2 Merger, Sub2 will have been the principal owner of the goodwill and significant assets of the BusinessActivityA and Sub1 will be the owner of these assets following the Sub2 Merger and the Sub6 Spin-Off.

5. The five years of financial information submitted on behalf of the Sub6 Business that will be conducted by Sub6 immediately after the Sub6 Spin-Off represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

6. Neither the Sub6 Business conducted by Sub6 nor control of an entity conducting this business was acquired during the five-year period ending on the date of the Sub6 Spin-Off in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub6 Spin-Off, Sub6 will have been the principal owner of the goodwill and significant assets of the Sub6 Business, and Sub6 will continue to be the owner following the Sub6 Spin-Off.

7. Following the Sub6 Spin-Off, Sub1 and Sub6 will each continue the active conduct of its business, independently and with its separate employees.

8. The Sub6 Spin-Off will be carried out to (i) facilitate the ForeignParent global restructuring by realigning the historic Sub1 businesses according to their function and (ii) obtain cost savings by closing the Sub1 U.S. management office. The Sub6 Spin-Off is motivated, in whole or substantial part, by one or more of these corporate business purposes.

9. The Sub6 Spin-Off will not be used principally as a device for the distribution of earnings and profits of Sub1 or Sub6 or both.

10. There is no plan or intention to liquidate either Sub1 or Sub6, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub6 Spin-Off, except in the ordinary course of business.

11. Sub1 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the Sub6 Spin-Off.

12. No intercorporate debt will exist between Sub1, on the one hand, and Sub6 and its subsidiaries, on the other hand, at the time of, or after, the Sub6 Spin-Off, other than intercompany loans or obligations that have arisen, or will arise, between the parties in the ordinary course of business.

13. Payments made in connection with all continuing transactions, if any, between Sub1 and Sub6 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

14. Neither Sub1 nor Sub6 is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).

15. Immediately before the Sub6 Spin-Off, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see Treas. Reg. §1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; Treas. Reg. §1.1502-13 as published by T.D. 8597). Further, any excess loss account that Sub1 has in the Sub6 stock (or the stock of any direct or indirect subsidiary of Sub6) will be included in income immediately before the Sub6 Spin-Off to the extent required by regulations (see §1.1502-19). At the time of the Sub6 Spin-Off, Sub1 will not have an excess loss account in the stock of Sub6 (or the stock of any direct or indirect subsidiary of Sub6).

16. For purposes of section 355(d), immediately after the Sub6 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold

stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub1 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub6 Spin-Off.

17. For purposes of section 355(d), immediately after the Sub6 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub6 stock, that was either (a) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub6 Spin-Off or (b) attributable to distributions on Sub1 stock or securities that were acquired by purchase (as defined in sections 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub6 Spin-Off.

18. The Sub6 Spin-Off will neither increase ForeignParent's ownership (combined direct and indirect) in Sub1 or Sub6 nor provide ForeignParent with a purchased basis (within the meaning of Treas. Reg. §1.355-6(b)(3)(iii)) in the stock of Sub6.

19. The Sub6 Spin-Off is not part of a plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of section 355(d)(4)) in Sub1 or Sub6 (including any predecessor or successor of any such corporation).

20. Immediately after the transaction (as defined in section 355(g)(4)), either (1) no person will hold a 50-percent or greater interest (within the meaning of section 355(g)(3)) in Sub1 or Sub6, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) neither Sub1 nor Sub6 will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

21. The Sub6 Spin-Off will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

22. Neither Sub1, nor any member of the Sub1 consolidated group, including Sub6, has incurred losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

23. Sub1 has not been at any time during the five year period ending on the date of the Sub6 Spin-Off a United States Real Property Holding Company, as defined under section 897(c) and Treas. Reg. §1.897-2(b).

24. ForeignSub4 will establish that its interest in Sub1 is not a United States real property interest, pursuant to Treas. Reg. §1.897-2(g)(1)(i)(A), by obtaining a statement from Sub1 in accordance with the provisions of Treas. Reg. §1.897-2(g)(1)(ii).

25. Sub1 will provide notice to the Internal Revenue Service, pursuant to Treas. Reg. §1.897-2(h)(2) and will provide a statement requested by ForeignSub4 to the Service Center on or before the 30th day after the requested statement is mailed to ForeignSub4.

26. Sub1 and Sub6 will apply the provisions of Treas. Reg. §1.1502-9T(c)(2), as applicable, for purposes of apportioning any Consolidated Overall Foreign Loss, Consolidated Separate Limitation Loss or Consolidated Overall Domestic Loss accounts, between Sub1 and Sub6 when Sub6 ceases to be a member of the Sub1 consolidated group as a result of the Sub6 Spin-Off.

The Sub5 Spin-Off

1. Any indebtedness owed by Sub5 to Sub1 after the Sub5 Distribution will not constitute stock or securities.

2. No part of the consideration distributed by Sub1 will be received by ForeignSub4 as a creditor, employee, or in any capacity other than that of a shareholder of Sub1, except for the receipt of the Sub5 Note by ForeignSub4 in its capacity as a creditor in full or partial satisfaction of the Sub1 indebtedness.

3. The five years of financial information submitted on behalf of the BusinessActivityA conducted by Sub2 (and to be conducted by Sub1 after the Sub2 Merger) represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

4. Neither the BusinessActivityA conducted by Sub2 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Sub5 Distribution in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub2 Merger, Sub2 will have been the principal owner of the goodwill and significant assets of the BusinessActivityA, and Sub1 will continue to be the owner of these assets following the Sub2 Merger and the Sub5 Distribution.

5. The five years of financial information submitted on behalf of the BusinessActivityC that will be conducted by Sub5 immediately after the Sub5 Distribution represents its present operation, and with regard to that business, there have been no substantial operational changes since the date of the last financial statements submitted.

6. Neither the BusinessActivityC conducted by Sub5 nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Sub5 Distribution in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. §1.355-3) in whole or in part. Throughout the five-year period ending on the date of the Sub5 Distribution, Sub5 will have been the principal owner of the goodwill and significant assets of the BusinessActivityC, and Sub5 will continue to be the owner following the Sub5 Distribution.

7. Following the Sub5 Distribution, Sub1 and Sub5 will each continue the active conduct of its business, independently and with its separate employees.

8. The Sub5 Distribution will be carried out to (i) facilitate the ForeignParent global restructuring by realigning the historic Sub1 businesses according to their function, and (ii) obtain cost savings by closing the Sub1 U.S. management office. The Sub5 Distribution is motivated, in whole or substantial part, by one or more of these corporate business purposes.

9. The Sub5 Distribution will not be used principally as a device for the distribution of earnings and profits of Sub1 or Sub5 or both.

10. There is no plan or intention to liquidate either Sub1 or Sub5, to merge either corporation with any other corporation, or to sell or otherwise dispose of the assets of either corporation after the Sub5 Distribution, except in the ordinary course of business or in a possible future combination of BusinessActivityC with ForeignSub6.

11. Sub1 will neither accumulate its receivables nor make extraordinary payment of its payables in anticipation of the Sub5 Contribution and Sub5 Distribution.

12. No intercorporate debt will exist between Sub1, on the one hand, and Sub5 and its subsidiaries, on the other hand, at the time of, or after, the Sub5 Distribution, other than intercompany loans or obligations that have arisen, or will arise, between the parties in the ordinary course of business.

13. Payments made in connection with all continuing transactions, if any, between Sub1 and Sub5 will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm’s length.

14. Neither Sub1 nor Sub5 is an investment company as defined in section 368(a)(2)(F)(iii) and (iv).

15. Immediately before the Sub5 Distribution, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations (see Treas. Reg. §1.1502-13 and -14 as in effect before the publication of T.D. 8597, 1995-2 C.B. 147, and as currently in effect; Treas. Reg. §1.1502-13 as published by T.D. 8597). Further, any excess loss account that Sub1 has in the Sub5 stock (or the stock of any direct or indirect subsidiary of Sub5) will be included in income immediately before the Sub5 Distribution to the extent required by regulations (see §1.1502-19). At the time of the Sub5 Distribution, Sub1 will not have an excess loss account in the stock of Sub5 (or the stock of any direct or indirect subsidiary of Sub5).

16. The aggregate fair market value of the assets contributed to Sub5 in the Sub5 Contribution will exceed the aggregate basis of those assets immediately after the Sub5 Contribution.

17. The total adjusted basis and the fair market value of the assets transferred to Sub5 in the Sub5 Contribution each will equal or exceed the sum of (i) the total liabilities to be assumed (as determined under section 357(d)) by Sub5 and (ii) the total amount of any money and the fair market value of any other property (within the meaning of section 361(b)) received by Sub1 from Sub5 and transferred to Sub1's creditors in connection with the reorganization.

18. The liabilities to be assumed (as determined under section 357(d)) by Sub5 in the Sub5 Contribution, if any, will have been incurred in the ordinary course of business and will be associated with the assets being transferred.

19. The total fair market value of the assets transferred to Sub5 in the Sub5 Contribution will exceed the sum of (i) the amount of any liabilities assumed (within the meaning of section 357(d)) by Sub5 in connection with the exchange, (ii) the amount of any liabilities owed to Sub5 by Sub1 that are discharged or extinguished in connection with the exchange, and (iii) the amount of any cash and the fair market value of any other property (other than stock and securities permitted to be received under section 361(a) without the recognition of gain) received by Sub1 in connection with the exchange. The fair market value of the assets of Sub5 will exceed the amount of its liabilities immediately after the exchange.

20. The amount of the Sub5 Note issued will not exceed Sub1's basis in its ForeignSub5 stock that is contributed to Sub5 in the Sub5 Contribution.

21. For purposes of section 355(d), immediately after the Sub5 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold

stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub1 stock, that was acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub5 Spin-Off.

22. For purposes of section 355(d), immediately after the Sub5 Spin-Off, no person (determined after applying section 355(d)(7)) except for ForeignParent will hold stock possessing 50 percent or more of the total combined voting power and 50 percent or more of the total value of all classes of Sub5 stock, that was either (a) acquired by purchase (as defined in section 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub5 Spin-Off or (b) attributable to distributions on Sub1 stock or securities that were acquired by purchase (as defined in sections 355(d)(5) and (8)) during the five-year period (determined after applying section 355(d)(6)) ending on the date of the Sub5 Spin-Off.

23. The Sub5 Spin-Off will neither increase ForeignParent's ownership (combined direct and indirect) in Sub1 or Sub5 nor provide ForeignParent with a purchased basis (within the meaning of Treas. Reg. §1.355-6(b)(3)(iii)) in the stock of Sub5.

24. The Sub5 Distribution is not part of a plan or series of related transactions (within the meaning of Treas. Reg. §1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of section 355(d)(4)) in Sub1 or Sub5 (including any predecessor or successor of any such corporation).

25. Immediately after the transaction (as defined in section 355(g)(4)), either (1) no person will hold a 50-percent or greater interest (within the meaning of section 355(g)(3)) in Sub1 or Sub5, (2) if any person holds a 50-percent or greater interest (within the meaning of section 355(g)(3)) in any disqualified investment corporation (within the meaning of section 355(g)(2)), such person will have held such interest in such corporation immediately before the transaction, or (3) neither Sub1 nor Sub5 will be a disqualified investment corporation (within the meaning of section 355(g)(2)).

26. The Sub5 Spin-Off will not result in the transfer of stock of any corporation that has been the U.S. transferor, the transferee foreign corporation, or the transferred corporation, or successor thereto, with respect to any unexpired "gain recognition agreement" within the meaning of Treas. Reg. §§1.367(a)-3, 1.367(a)-8 and 1.367(a)-8T.

27. Neither Sub1, nor any member of the Sub1 consolidated group, including Sub5, has incurred losses that are subject to an agreement, election or certification filed pursuant to section 1503(d) and the regulations thereunder.

28. Sub1 has not been at any time during the five year period ending on the date of the Sub5 Spin-Off a United States Real Property Holding Company, as defined under section 897(c) and Treas. Reg. §1.897-2(b).

29. ForeignSub4 will establish that its interest in Sub1 is not a United States real property interest, pursuant to Treas. Reg. §1.897-2(g)(1)(i)(A), by obtaining a statement from Sub1 in accordance with the provisions of Treas. Reg. §1.897-2(g)(1)(ii).

30. Sub1 will provide notice to the Internal Revenue Service, pursuant to Treas. Reg. §1.897-2(h)(2) and will provide a statement requested by ForeignSub4 to the Service Center on or before the 30th day after the requested statement is mailed to ForeignSub4.

31. Sub1 and Sub5 will apply the provisions of Treas. Reg. §1.1502-9T(c)(2), as applicable, for purposes of apportioning any Consolidated Overall Foreign Loss, Consolidated Separate Limitation Loss or Consolidated Overall Domestic Loss accounts, between Sub1 and Sub5 when Sub5 ceases to be a member of the Sub1 consolidated group as a result of the Sub5 Spin-Off.

RULINGS

Based solely on the information submitted and the representations set forth above, we rule as follows:

The Sub3 Conversion (Step 3)

1. The change in classification of Sub3 from a corporation into a StateA LLC disregarded as separate from its owner under Treas. Reg. § 301.7701-3 will be treated for U.S. federal income tax purposes as a complete liquidation of Sub3 into Sub1 (Treas. Reg. §301.7701-3(g)(1)(iii)).

2. No gain or loss will be recognized by Sub1 or Sub3 in the Sub3 Conversion (sections 332(a), 336(d)(3) and 337(a)).

3. Sub1's basis in each asset deemed received from Sub3 in the Sub3 Conversion will equal the basis of that asset in the hands of Sub3 immediately before the Sub3 Conversion (section 334(b)(1)).

4. Sub1's holding period in each asset deemed received from Sub3 in the Sub3 Conversion will include the period during which the asset was held by Sub3 (section 1223(2)).

5. Sub1 will succeed to and take into account the items of Sub3 described in section 381(c), subject to the conditions and limitations specified in sections 381, 382, 383, and 384 and the regulations thereunder.

6. Sub1 will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sub3 as of the date of the Sub3 Conversion (sections 381(a)(1) and 381(c)(2)). Any deficit in earnings and profits will be used only to offset earnings and profits accumulated after the date of the Sub3 Conversion (section 381(c)(2)(B)). To the extent the Sub3 earnings and profits are reflected in the Sub1 earnings and profits, the Sub3 earnings and profits to which Sub1 succeeds must be adjusted to prevent duplication (Treas. Reg. §1.1502-33(a)).

The Parent Merger

1. The Parent Merger will qualify as a reorganization under section 368(a)(1)(A). Sub1 and Parent will each be a "party to a reorganization" within the meaning of section 368(b).

2. No gain or loss will be recognized by Parent on the transfer of its assets to Sub1 in exchange for Sub1 stock and the assumption by Sub1 of any liabilities of Parent (sections 361(a) and 357(a)).

3. No gain or loss will be recognized by Parent upon the transfer of Sub1 stock to Parent's shareholder(s) (section 361(c)).

4. No gain or loss will be recognized by Sub1 on the receipt of the Parent assets in exchange for Sub1 stock (section 1032(a)).

5. Sub1's basis in each asset received from Parent will equal the basis of that asset in the hands of Parent immediately before the Parent Merger (section 362(b)).

6. Sub1's holding period in each asset received from Parent will include the period during which Parent held the asset (section 1223(2)).

7. No gain or loss will be recognized by Parent's shareholder(s) on the receipt of Sub1 stock in exchange for Parent stock (section 354(a)(1)).

8. The basis in the Sub1 stock received by Parent's shareholder(s) will equal the basis of the Parent stock surrendered in exchange therefor (section 358(a)(1)).

9. The holding period in the Sub1 stock received by Parent's shareholder(s) will include the holding period of the Parent stock surrendered in exchange therefor, provided the Parent stock was held as a capital asset on the date of the exchange (section 1223(1)).

10. Sub1 will succeed to and take into account the items of Parent described in section 381(c), subject to the conditions and limitations specified in sections 381, 382, 383, and 384 and the regulations thereunder.

11. The Parent Group will remain in existence after the Parent Merger, with Sub1, the surviving entity in the Parent Merger, as the common parent (§1.1502-75(d)(2)(ii)).

The Sub2 Merger (Step 7)

1. The Sub2 Merger will qualify as a reorganization under section 368(a)(1)(A). Sub1 and Sub2 will each be a "party to a reorganization" within the meaning of section 368(b).

2. No gain or loss will be recognized by Sub2 on the transfer of its assets to Sub1 in exchange for Sub1 stock and the assumption by Sub1 of any liabilities of Sub2 (sections 361(a) and 357(a)).

3. No gain or loss will be recognized by Sub2 on the transfer of Sub1 stock to Sub2's shareholder(s) (section 361(c)).

4. No gain or loss will be recognized by Sub1 on the receipt of the Sub2 assets in exchange for Sub1 stock (section 1032(a)).

5. Sub1's basis in each asset received from Sub2 will equal the basis of that asset in the hands of Sub2 immediately before the Sub2 Merger (section 362(b)).

6. Sub1's holding period in each asset received from Sub2 will include the period during which Sub2 held the asset (section 1223(2)).

7. No gain or loss will be recognized by Sub2's shareholder(s) on the receipt of Sub1 stock in exchange for Sub2 stock (section 354(a)(1)).

8. The basis in the Sub1 stock received by Sub2's shareholder(s) will equal the basis of the Sub2 stock surrendered in exchange therefor (section 358(a)).

9. The holding period in the Sub1 stock received by Sub2's shareholder(s) will include the holding period of the Sub2 stock surrendered in exchange therefor, provided the Sub2 stock was held as a capital asset on the date of the exchange (section 1223(1)).

10. Sub1 will succeed to and take into account the items of Sub2 described in section 381(c), subject to the conditions and limitations specified in sections 381, 382, 383, and 384 and the regulations thereunder.

The Sub6 Note and Sub4 Note Distributions (Step 8)

1. The distribution of the Sub6 Note by Sub6 to Sub1 will be treated as a distribution to which section 301 applies, subject to the provisions of §§1.1502-13(f)(2) and 1.1502-32.

2. The distribution of the Sub4 Note by Sub4 to Sub1 will be treated as a distribution to which section 301 applies, subject to the provisions of §§1.1502-13(f)(2) and 1.1502-32.

The Sub4 Spin-Off (Step 10)

1. No gain or loss will be recognized by Sub1 on the distribution of the stock of Sub4 in the Sub4 Spin-Off (section 355(c)(1)).

2. No gain or loss will be recognized by (and no amount will be included in the income of) ForeignSub4 on the receipt of the stock of Sub4 in the Sub4 Spin-Off (section 355(a)(1)).

3. The aggregate basis of the Sub1 stock and the Sub4 stock in the hands of ForeignSub4 immediately after the Sub4 Spin-Off will equal the aggregate basis of the Sub1 stock held by ForeignSub4 immediately before the Sub4 Spin-Off, allocated between the stock of Sub1 and Sub4 in proportion to the fair market value of each immediately following the Sub4 Spin-Off in accordance with §1.358-2 (section 358(a)(1), (b)(2) and (c) and §1.358-1(a)).

4. The holding period of the Sub4 stock received by ForeignSub4 will include the period during which ForeignSub4 held the Sub1 stock on which the Sub4 Spin-Off is made, provided the Sub1 stock is held as a capital asset on the date of the Sub4 Spin-Off (section 1223(1)).

5. Earnings and profits will be allocated between Sub1 and Sub4 in accordance with section 312(h) and §§1.312-10(b) and 1.1502-33(e)(3).

The Sub6 Spin-Off (Step 11)

1. No gain or loss will be recognized by Sub1 on the distribution of the stock of Sub6 in the Sub6 Spin-Off (section 355(c)(1)).

2. No gain or loss will be recognized by (and no amount will be included in the income of) ForeignSub4 on the receipt of the stock of Sub6 in the Sub6 Spin-Off (section 355(a)(1)).

3. The aggregate basis of the Sub1 stock and the Sub6 stock in the hands of ForeignSub4 immediately after the Sub6 Spin-Off will equal the aggregate basis of the Sub1 stock held by ForeignSub4 immediately before the Sub6 Spin-Off, allocated between the stock of Sub1 and Sub6 in proportion to the fair market value of each immediately following the Sub6 Spin-Off in accordance with §1.358-2 (section 358(a)(1), (b)(2) and (c) and §1.358-1(a)).

4. The holding period of the Sub6 stock received by ForeignSub4 will include the period during which ForeignSub4 held the Sub1 stock on which the Sub6 Spin-

Off is made, provided the Sub1 stock is held as a capital asset on the date of the Sub6 Spin-Off (section 1223(1)).

5. Earnings and profits will be allocated between Sub1 and Sub6 in accordance with section 312(h) and §§1.312-10(b) and 1.1502-33(e)(3).

The Sub5 Spin-Off (Steps 5 and 12)

1. The Sub5 Contribution, followed by the Sub5 Distribution, will qualify as a reorganization under section 368(a)(1)(D). Sub1 and Sub5 will each be a "party to a reorganization" within the meaning of section 368(b).

2. No gain or loss will be recognized by Sub1 on the Sub5 Contribution (sections 357(a), 361(a) and 361(b)(3)).

3. No gain or loss will be recognized by Sub5 on the Sub5 Contribution (section 1032(a)).

4. Sub5's basis in each asset received in the Sub5 Contribution will equal the basis of that asset in the hands of Sub1 immediately before the Sub5 Contribution (section 362(b)).

5. Sub5's holding period in each asset received in the Sub5 Contribution will include the period during which Sub1 held the asset (section 1223(2)).

6. No gain or loss will be recognized by Sub1 on the Sub5 Distribution (section 361(c)).

7. No gain or loss will be recognized by (and no amount will be included in the income of) ForeignSub4 on the Sub5 Distribution (section 355(a)(1)).

8. The aggregate basis of the Sub1 stock and the Sub5 stock in the hands of ForeignSub4 immediately after the Sub5 Distribution will equal the aggregate basis of the Sub1 stock held by ForeignSub4 immediately before the Sub5 Distribution, allocated between the stock of Sub1 and Sub5 in proportion to the fair market value of each immediately following the Sub5 Distribution in accordance with §1.358-2 (section 358(a)(1), (b)(2) and (c) and §1.358-1(a)).

9. The holding period of the Sub5 stock received by ForeignSub4 will include the period during which ForeignSub4 held the Sub1 stock on which the Sub5 Distribution is made, provided the Sub1 stock is held as a capital asset on the date of the Sub5 Distribution (section 1223(1)).

10. Earnings and profits will be allocated between Sub1 and Sub5 in accordance with section 312(h) and §§1.312-10(a) and 1.1502-33(e)(3).

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, including the federal income tax consequences of steps 1 and 2**.** Specifically, no opinion is expressed regarding the following:

1. To the extent not otherwise specifically ruled upon above, the adjustments to earnings and profits or deficits in earnings and profits, if any, in any of the transactions to which section 367 applies.

2. To the extent not otherwise specifically ruled upon above, any other consequences under section 367 on any internal restructuring transaction in this ruling letter.

3. Whether any or all of the above-referenced foreign corporations are PFICs within the meaning of section 1297(a). If it is determined that any such corporations are PFICs, no opinion is expressed with respect to the application of sections 1291 through 1298 to the proposed transactions. In particular, in a transaction in which gain is not otherwise recognized, regulations under section 1291(f) may require gain recognition notwithstanding any other provisions of the Code.

In addition, no opinion is expressed regarding: (i) whether the distributions described above satisfy the business purpose requirement of §1.355-2(b) of the Income Tax Regulations (the regulations); (ii) whether the distributions are used principally as a device for the distribution of the earnings and profits of the distributing company or the controlled companies or both (see section 355(a)(1)(B) of the Internal Revenue Code (the Code) and §1.355-2(d) of the regulations); and (iii) whether the distributions are part of a plan (or a series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a fifty percent (50%) or greater interest in the distributing company or the controlled companies (see section 355(e) of the Code and §1.355-7 of the regulations).

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 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.

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,

Thomas I. Russell
Senior Counsel, Branch 5
(Corporate)