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Foreign Parent =

Foreign Sub 1 =

US Parent =

US Sub =

Foreign Sub 2 =

Foreign Sub 3 =

Foreign Sub 4 =

Foreign Sub 5 =

Foreign Sub 6 =

Country A =

Country B =

Business A =

Business B =

Business C =

u =

v =

w =

x =

Act 1 =

Act 2 =

Dear :

This letter responds to your January 28, 2009, request for rulings on certain U.S. federal income tax consequences of a Proposed Transaction (as defined below). The information submitted in that letter and in later correspondence is summarized below.

Summary of Facts

Foreign Parent is a publicly traded Country A corporation that owns directly and indirectly foreign and domestic corporations and other entities with operations throughout the world. Foreign Parent directly owns Foreign Sub 1, which is disregarded as an entity separate from Foreign Parent for U.S. federal income tax purposes.

Foreign Sub 1 (through a grantor trust) owns the stock of US Parent, the common parent of an affiliated group of corporations that files a U.S. consolidated federal income tax return. US Parent is engaged, through its subsidiaries, primarily in Business A.

US Parent indirectly owns all of the stock of US Sub. US Sub directly owns all the stock (consisting of both common voting shares and three classes of non-voting preferred shares) in Foreign Sub 2, a Country B corporation. US Sub has owned its Foreign Sub 2 shares for more than five years. US Sub's adjusted tax basis of each share of stock in Foreign Sub 2 now exceeds the fair market value of such stock.

Foreign Sub 2 is a holding company with assets consisting primarily of stock of three Country B companies classified as corporations for U.S. federal income tax purposes: Foreign Sub 3 (engaged in Business A), Foreign Sub 4 (engaged in Business B), and Foreign Sub 5 (engaged in Business C). Foreign Sub 2 owns all the

stock of Foreign Sub 4 and Foreign Sub 5. Foreign Sub 2 owns u common shares of Foreign Sub 3, and Foreign Sub 1 owns v common shares of Foreign Sub 3 and w preferred shares of Foreign Sub 3. Together, Foreign Sub 1 and Foreign Sub 2 own all of the outstanding common and preferred stock of Foreign Sub 3.

The Proposed Transaction

Foreign Parent wishes to restructure the ownership of Foreign Sub 2 and Foreign Sub 3 and to convert Foreign Sub 2 from a corporation to an unlimited liability company ("ULC"). To accomplish this, the following steps have been proposed (collectively, the "Proposed Transaction") in the order set forth below:

(i) Foreign Sub 2 will sell for cash (equal to fair market value) all the stock of Foreign Sub 4 and Foreign Sub 5 to Foreign Sub 6, a Country B corporation wholly owned by Foreign Sub 1.

(ii) US Sub will transfer to Foreign Sub 1 x percent of its Foreign Sub 2 voting common shares and Foreign Sub 2 preferred stock bearing x percent of the total liquidation rights of all Foreign Sub 2 preferred shares (the "Acquired Common Shares," the "Acquired Preferred Shares," and collectively, the "Acquired Shares"). The purchase price of the transferred shares will be approximately equal to the fair market value of these shares. If the value of that amount of common stock or that amount of common and preferred stock is less than US $1, the sales price of these shares will be US $1 to evidence nominal consideration.

(iii) US Sub and Foreign Sub 1 will each transfer to a blocker company its respective stock interests in Foreign Sub 2. US Sub will transfer to a U.S. limited liability company wholly owned by US Sub and treated as a disregarded entity for U.S. federal income tax purposes ("US Blocker") its remaining shares of Foreign Sub 2 voting common stock and preferred stock. Foreign Sub 1 will transfer to a Country A corporation ("Foreign Blocker") the Acquired Shares that Foreign Sub 1 acquires in step (ii) above.

(iv) The shareholders of Foreign Sub 2 will vote to approve resolutions ("Resolutions") authorizing the conversion of Foreign Sub 2 to a ULC (sometimes referred to as the "Conversion").

(v) Foreign Sub 2 will effectuate the Conversion.

(vi) Foreign Sub 2 owes Foreign Parent an amount of money, which debt is evidenced by a note payable. Foreign Sub 2 will issue new voting preferred shares to the US Blocker in exchange for cash (the amount of shares will be determined based on the fair market value of Foreign Sub 2). Foreign Sub 2 will use this cash plus other

assets (except for its Foreign Sub 3 stock) to satisfy some or all of the note payable, and any amount not paid will be forgiven (either before or after the cash payment).

(vii) Pursuant to a pre-existing conversion right, all of US Blocker's voting common shares and preferred shares in Foreign Sub 2 will be converted into voting preferred shares in Foreign Sub 2.

(viii) Foreign Sub 1 will transfer all its Foreign Sub 3 stock to Foreign Blocker, and Foreign Blocker will then transfer all such Foreign Sub 3 stock to Foreign Sub 2 in exchange solely for Foreign Sub 2 voting common shares.

Representations

The following representations have been made regarding the Proposed Transaction:

(a) The stock of Foreign Parent is widely held, such that less than fifty percent of the total combined voting power of all classes of stock entitled to vote and less than fifty percent of the total value of all shares of all classes of stock is owned by persons that own five percent or more in value of such stock. For this purpose, ownership is determined by application of § 318(a) as modified by § 304(c)(3), and the percentage ownership by value is applied to the aggregate of all classes of stock, consistent with Rev. Rul. 89-57, 1989-1 C.B. 90.

(b) If all the Acquired Common Shares and all the Acquired Preferred Shares have value at the time of the adoption of the Resolutions, and at all times thereafter through the effective date of the Conversion, US Blocker will not own stock of Foreign Sub 2 meeting the requirements of § 1504(a)(2) (taking into account § 1.1502-34).

(c) There is no plan or intention to redeem the Acquired Preferred Shares to be held by Foreign Blocker. The Acquired Preferred Shares, however, may be converted to common shares of Foreign Sub 2.

(d) There will be no formal or informal plan of liquidation of Foreign Sub 2 at any time before the adoption of the Resolutions.

(e) Under applicable local law, none of the shareholders of a ULC has limited liability for the liabilities of the ULC; instead, each shareholder has unlimited liability for the debts of or claims against the ULC. The governing articles of Foreign Sub 2 as it converts to a ULC will specifically provide that the liability of each of its shareholders for any liability, act, or default of the ULC is unlimited in extent and joint and several in nature.

(f) At the time of, and following the Conversion, there is no plan or intention to cause Foreign Sub 2 to elect under § 301.7701-3 to be classified as an association

taxable as a corporation for U.S. federal tax purposes (or to otherwise effect a conversion which could change its tax classification to a corporation for federal tax purposes).

(g) No property other than cash will have been contributed to Foreign Sub 2 during the five-year period ending on the effective date of the Conversion.

(h) Each class of Foreign Sub 2 preferred stock outstanding through the effective time of the Conversion ranks in parity with each other series of preferred stock with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Foreign Sub 2.

(i) US Sub will transfer to Foreign Sub 1 x percent of its Foreign Sub 2 voting common shares and Foreign Sub 2 preferred stock bearing x percent of the total liquidation rights of all Foreign Sub 2 preferred shares.

Rulings

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

(1) If the Foreign Sub 2 common stock and preferred stock are both worthless at the time of each of steps (i) through (v) above, any worthless stock deduction otherwise allowable to the Foreign Sub 2 shareholders (whether on shares transferred in step (ii) or on shares not transferred in step (ii)) will not be disallowed under § 267(a)(1) or deferred under § 267(f)(2).

(2) If the Acquired Preferred Shares have value, and the Acquired Common Shares are worthless at the time of the transfer described in step (ii) above, any worthless stock deduction otherwise allowable to the Foreign Sub 2 shareholders on the Foreign Sub 2 common shares (whether on shares transferred in step (ii) or on shares not transferred in step (ii)) will not be disallowed under § 267(a)(1) or deferred under § 267(f)(2). The sale of the Acquired Preferred Shares will be governed by § 1001 and not by § 304. US Sub will account for a loss, if any, on the sale of the Acquired Preferred Shares under the rules of § 267(f). Under § 1.267(f)-1(c)(1)(iv), US Sub will not take into account any such loss at the time of the Conversion, and such loss will remain deferred until US Sub and Foreign Sub 1 (or the Foreign Blocker) are no longer in a controlled group relationship. However, to the extent that the value of the Acquired Preferred Shares exceeds their purchase price ("Excess Value"), the transaction will be bifurcated, and such Excess Value will be treated as distributed from Foreign Sub 2 to Foreign Parent (through intermediate entities) in a transaction governed by § 301. Any loss on such distribution will not be recognized (§ 311(a)).

(3) If the Acquired Preferred Shares and the Acquired Common Shares have value at the time of each of steps (i) through (v) above, the sale of the Acquired Shares will be governed by § 1001 and not by § 304. US Sub will account for a loss, if any, on the sale of the Acquired Shares under the rules of § 267(f). Under § 1.267(f)-1(c)(1)(iv), US Sub will not take into account any such loss at the time of the Conversion, and such loss will remain deferred until US Sub and Foreign Sub 1 (or the Foreign Blocker) are no longer in a controlled group relationship. However, to the extent that the value of the Acquired Shares exceeds their purchase price ("Excess Value"), the transaction will be bifurcated, and such Excess Value will be treated as distributed from Foreign Sub 2 to Foreign Parent (through intermediate entities) in a transaction governed by § 301. Any loss on such distribution will not be recognized (§ 311(a)).

(4) The Conversion will be treated as if Foreign Sub 2 distributed its assets subject to its liabilities in liquidation. Foreign Sub 2 will be deemed to liquidate immediately before the close of the day before the Conversion is effective.

(5) Neither § 332 nor § 368(a)(1)(C) will apply to the deemed liquidation that occurs due to the Conversion (see Granite Trust Co. v. United States, 238 F.2d 670 (1st Cir. 1956); Commissioner v. Day & Zimmerman, Inc., 151 F.2d 517 (3rd Cir. 1945)). A shareholder that is deemed to receive a liquidating distribution from Foreign Sub 2 will recognize gain or loss on a Foreign Sub 2 share (unless otherwise stated herein) in an amount equal to the difference between the fair market value of the property treated as distributed with respect to the share and the adjusted basis in the share. A loss recognized by a Foreign Sub 2 shareholder on the deemed liquidation of Foreign Sub 2 will not be disallowed under § 267(a)(1) or § 267(f)(2).

(6) The adjusted basis of Foreign Sub 2's non-cash property treated as received by a Foreign Sub 2 shareholder will equal the fair market value of such property at the effective time of the Conversion.

Caveats

We express no opinion about the tax treatment of the Proposed Transaction under any other provisions of the Code or federal income tax regulations or about the tax treatment of any conditions existing at the time of, or effect resulting from, the Proposed Transaction that are not specifically covered by the above rulings. In particular, we express no opinion about:

(i) whether US Sub and other holders of Foreign Sub 2 voting common stock and/or preferred stock are entitled to a worthless stock deduction under § 165(g) due to the Proposed Transaction;

(ii) the federal income tax consequences of: (a) the sale of Foreign Sub 4 and Foreign Sub 5 stock described in step (i) above (except as specifically ruled upon herein); (b) the satisfaction and possible extinguishment of the debt described in step (vi) above; (c) the conversion described in step (vii) above; (d) the stock transfers and the stock issuance described in step (viii) above; and (e) any conversion of the Acquired Preferred Shares held by Foreign Blocker into common stock of Foreign Sub 2; and

(iii) the classification of Foreign Sub 2 for U.S. federal tax purposes.

Procedural Matters

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

A copy of this letter must be attached to any 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 and control number of this letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Under a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Marie C. Milnes-Vasques
Senior Technician Reviewer Branch 4 Office of
Associate Chief Counsel
(Corporate)