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LEGEND:

Acquiring =

AcquiringSub =

Target =

StateA =

BusinessA =

ShareholderA =

Year1 =

Year2 =

PredecessorLLC =

a =

b =

Investors'
Agreement =

VotingTrustA =

Dear :

This letter responds to your representative's letter dated June 25, 2010, requesting rulings as to the Federal income tax consequences of a proposed transaction. The 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 penalties 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, no opinion is expressed or implied with regard to: (i) whether both the Target Note and the New Acquiring Note constitute "securities" within the meaning of § 354 of the Internal Revenue Code ("Code"); (ii) the appropriate characterization, for Federal income tax purposes, of Target's reimbursement of Acquiring's expenses in the Proposed Transactions; or (iii) the appropriate characterization, for Federal income tax purposes, should AcquiringSub acquire the Acquiring Convertible Note pursuant to the Proposed Transactions.

SUMMARY OF FACTS

Target is a StateA corporation that uses the accrual method of accounting and a calendar year, and was previously engaged in BusinessA. Target is now a holding company, holding stock in Acquiring. Target has outstanding voting common stock and voting preferred stock (both classes of stock hereafter referred to as "Target Stock"). Target also has outstanding a note ("Target Note") that is convertible into Target Stock. The Target Note has a value of no more than a percent of the total value of the Target Stock. ShareholderA is Target's largest shareholder, but owns, directly and indirectly, less than fifty percent of the Target Stock.

Acquiring is a StateA corporation that uses the accrual method of accounting and a calendar year, and is engaged in BusinessA. Acquiring has outstanding various classes of stock ("Acquiring Stock") including: (i) common stock; (ii) voting SeriesA

preferred stock (“Acquiring SeriesA Stock”) which stock is convertible into Acquiring common stock; and (iii) other classes of preferred stock. Target owns approximately b percent (less than 50 percent) of the presently issued and outstanding Acquiring Stock. Target also owns a convertible note issued by Acquiring (the “Acquiring Convertible Note”). The parties are not certain whether the Acquiring Convertible Note will mature or will be converted into Acquiring Stock prior to the Proposed Transactions described below.

AcquiringSub will be formed as a StateA limited liability company. Acquiring will be the sole owner/member of AcquiringSub. As such, AcquiringSub will be a single member limited liability company. AcquiringSub will not elect to be a corporation for Federal income tax purposes (as defined in Treas. Reg. § 301.7701-2(b)). Accordingly, AcquiringSub will be treated as a “disregarded entity” within the meaning of Treas. Reg. § 1.368-2(b)(1)(i).

VotingTrustA will provide ShareholderA, as trustee, with voting rights to certain stock, as described below, for a fixed and limited time period.

Target represents there are multiple corporate business purposes for the Proposed Transactions described below, including: (i) simplification of the corporate structure by eliminating an unnecessary corporate tier, (ii) enabling Acquiring to establish VotingTrustA, (iii) providing a basis for Acquiring to obtain an enforceable covenant not to compete from ShareholderA, (iv) resulting in Acquiring obtaining from each Target shareholder, as a condition of the transaction, a release of Target and of Acquiring for any acts by either of them through the date of the Proposed Transactions (neither Target nor Acquiring are aware of any actual or threatened litigation by any of the Target shareholders or of any other actual or threatened claims).

PRIOR TRANSACTIONS

(PriorA) In Year1, Target transferred its BusinessA to PredecessorLLC in exchange for a membership interest in Predecessor LLC.

(PriorB) In Year2, Acquiring acquired the assets, liabilities, and business of PredecessorLLC in exchange for Acquiring SeriesA Stock. Target received this Acquiring SeriesA Stock in exchange for its membership interest in PredecessorLLC.

PROPOSED TRANSACTIONS

Step (I). AcquiringSub’s Formation. AcquiringSub will be formed as a StateA limited liability company owned solely by Acquiring.

Step (II). Merger. Target will be merged into AcquiringSub in a transaction that constitutes a statutory merger under the law of StateA. Incident to the merger

AcquiringSub will acquire all of the assets and liabilities of Target, and the Target shareholders will exchange their Target Stock solely for newly issued shares of Acquiring SeriesA Stock. The holder of the Target Note will exchange the Target Note solely for a newly issued convertible note of Acquiring ("New Acquiring Note"). The New Acquiring Note will be convertible into Acquiring Stock and will have terms and conditions identical to the Old Acquiring Note. ShareholderA will enter into an agreement not to compete with Acquiring. All Target shareholders will release Target and Acquiring for any acts by either of them through the date of the Proposed Transaction.

Step (III). VotingTrustA. All the Acquiring Stock received by Target shareholders in the Merger will be placed by the shareholders in VotingTrustA.

None of the Acquiring SeriesA Stock that will be issued incident to the Merger is either (i) mandatorily redeemable by the issuer or a related party, (ii) subject to a holder put to the issuer (or a related party), (iii) subject to a call by the issuer (or a related party) that is more likely than not to be exercised, or (iv) has a floating dividend rate.

REPRESENTATIONS

(a) Target shareholders, in their capacity as shareholders, will receive solely Acquiring voting stock in the Merger. Neither Acquiring nor any person related to Acquiring has or will provide cash, employment, or any consideration of any kind to any Target Shareholder in conjunction with, or in contemplation of, the Merger.

(b) Acquiring, AcquiringSub, Target, and each Target Shareholder will each pay his, her, or its own expenses incurred in connection with the Proposed Transactions, with one exception. This exception is that prior to or simultaneous with the Merger, pursuant to an agreement between the parties, an amount of Target cash that would otherwise have been acquired by AcquiringSub in the Merger will be paid by Target to Acquiring as reimbursement for expenses incurred by Acquiring in connection with the Proposed Transactions.

(c) None of the Target Stock was issued by Target in conjunction with or in anticipation of the Merger. None of the Target Stock is "section 306 stock" within the meaning of § 306(c) of the Code.

(d) None of the Acquiring Stock issued pursuant to the Merger will be received by any Target Shareholder in exchange for any noncompete agreement or any release agreement. None of the Acquiring Stock will be received by a Target Shareholder as a creditor, employee, or for taking or not taking any nonshareholder act. No Acquiring Stock will be received by any Target Shareholder in any capacity other than as a shareholder of Target.

(e) The fair market value of the Acquiring Stock received by each Target Shareholder in the Merger will be approximately equal to the fair market value of the Target Stock surrendered by such shareholder in the Merger.

(f) Target Shareholders will retain all shareholder rights in the Acquiring Stock they receive in the Merger, except for the voting rights transferred to VotingTrustA. VotingTrustA grants nothing to its trustee other than voting rights for a limited time period.

(g) There is no plan or intention by Acquiring or AcquiringSub, directly or through any subsidiary or related entity, to reacquire any of the Acquiring Stock issued in the Merger.

(h) As a condition of the Merger agreement, none of the holders of Target Stock will exercise dissenter's rights. There will be no dissenters in the Merger. Target will make no payments of any type to its shareholders immediately prior to, or in anticipation of, the Merger.

(i) No equity interests of AcquiringSub will be issued in the Merger.

(j) Acquiring and AcquiringSub have no plan or intention for AcquiringSub to sell, transfer, or otherwise dispose of the Acquiring Stock, or of any of the other Target assets, acquired by AcquiringSub in the Merger, except for dispositions made by AcquiringSub in the ordinary course of its business.

(k) The liabilities of Target assumed by AcquiringSub and the liabilities to which the transferred Target assets are subject were incurred by Target in the ordinary course of Target's business.

(l) Target's obligation to reimburse Acquiring for expenses of the Proposed Transactions was not created at and will not be settled at a discount. Except for this obligation to reimburse Acquiring for expenses incurred in connection with the Proposed Transactions and the indebtedness evidenced by the Acquiring Convertible Note, there is no intercorporate indebtedness existing between Acquiring and Target or between AcquiringSub and Target.

(m) No two parties to the Proposed Transactions are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(n) Target is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of §368(a)(3)(A).

(o) The fair market value of the assets of Target transferred to AcquiringSub will exceed the sum of: (i) the liabilities assumed by AcquiringSub; plus (ii) the amount of liabilities, if any, to which the transferred assets are subject.

(p) The fair market value of the assets of Acquiring will exceed the amount of its liabilities immediately after the Merger.

(q) At least forty percent (40%) of the proprietary interest in Target will be surrendered in the Merger by Target shareholders who will receive a proprietary interest in Acquiring that will be preserved (within the meaning of § 1.368-1(e) of the Income Tax Regulations).

(r) Following the Merger, Acquiring will continue the historic business of Target or use a significant portion of Target's historic business assets in a business.

RULINGS

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

(1) Provided that the Merger qualifies as a statutory merger in accordance with applicable state law, the Merger, as described above, will qualify as a reorganization within the meaning of § 368(a)(1)(A). The Merger will be treated for Federal income tax purposes as if Target merged directly into Acquiring (Treas. Reg. § 1.368-2(b)(1)(iii) Ex. 2). Acquiring and Target will each be a "party to a reorganization" within the meaning of § 368(b).

(2) No gain or loss will be recognized by Target upon the transfer of its assets to Acquiring in exchange for the assumption of Target liabilities by Acquiring and for Acquiring's transfer of Acquiring Stock to Target shareholders (§§ 361(a) and 357(a)).

(3) No gain or loss will be recognized by Acquiring upon its receipt of Target's assets in the Merger (§ 1032(a)).

(4) The basis of each Target asset received by Acquiring in the Merger will equal the basis of that asset in the hands of Target immediately prior to the Merger (§ 362(b)).

(5) For each asset of Target received by Acquiring in the Merger, the holding period for such asset in the hands of Acquiring will include the period during which such asset was held by Target (§ 1223(2)).

(6) No gain or loss will be recognized by Target shareholders upon receipt of

Acquiring Stock in exchange for their Target Stock pursuant to the Merger (§ 354(a)(1)).

(7) For each Target Shareholder, the basis in the Acquiring Stock received pursuant to the Merger will be equal to the basis of the Target Stock surrendered by such shareholder in the Merger (§ 358(a)(1)).

(8) For each Target Shareholder, the holding period for the Acquiring Stock received will include the period during which such shareholder held the Target Stock surrendered, provided that such Target Stock is held as a capital asset in the hands of such shareholder on the date of the Merger (§ 1223(1)).

(9) Pursuant to § 381(a) and Treas. Reg. § 1.381(a)-1, Acquiring will succeed to and take into account the items of Target described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384, and the regulations thereunder.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any matter or item discussed or referenced in this letter.

In particular, no opinion is expressed or implied with regard to: (i) whether both the Target Note and the New Acquiring Note constitute “securities” within the meaning of § 354 of the Code; (ii) the appropriate characterization, for Federal income tax purposes, of Target’s reimbursement of Acquiring’s expenses in the Proposed Transactions; or (iii) the appropriate characterization, for Federal income tax purposes, should AcquiringSub acquire the Acquiring Convertible Note pursuant to the Proposed Transactions.

Moreover, no opinion is expressed about the tax treatment of the transactions (or of any other matter) under other provisions of the Code or regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions not specifically covered by the above rulings.

PROCEDURAL STATEMENTS

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

It is important that a copy of this letter be attached to the Federal income tax returns of each taxpayer involved for the taxable year(s) in which the transactions are consummated. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching to the return a statement that provides the date and control number (PLR-126993-10) of this ruling letter.

Pursuant to the power of attorney on file in this matter, a copy of this letter is being sent to your authorized representative.

Sincerely,

Douglas C. Bates

Douglas C. Bates
Reviewing Attorney, Branch 5
Office of Associate Chief Counsel
(Corporate)