Internal Revenue Service

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Legend

Partnership =

S Corp =

LLC 1 =

LLC 2 =

LLC 3 =

F1 =

F2 =

F3 =

F4 =

F5 =

F6 =

F7 =

F8 =

F9 =

F10 =

F11 =

Business A =

State A =

State B =

Country X =

Country Y =

Country Z =

Class X =

Class Y =

A =

B =

C =

D =

E =

F =

G =

a% =

b% =

c% =

d% =

e% =

f% =

g% =

h% =

i% =

j% =

k% =

Dear

This letter responds to your letter dated April 30, 2012 in which you requested rulings under section 351 of the Internal Revenue Code (the "Code") and related provisions with respect to the proposed transaction described therein. The information provided in that request and in subsequent correspondence is summarized below. The rulings contained in this letter are based on facts and representations submitted by 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.

SUMMARY OF FACTS

Partnership is a State A limited partnership that is classified as a partnership for federal tax purposes. A trusts, each of which is treated as a grantor trust for federal income tax purposes, own equal a% limited partner interests in Partnership (the "Grantor Trusts"). All of the Grantor Trusts have the same individual grantor. S Corp, a State A corporation that is classified as an S corporation for federal tax purposes, owns the remaining b% interest in Partnership as its general partner. S Corp is owned by the Grantor Trusts, which each hold an equal B interest.

Partnership is the top-tier entity in a chain of domestic and foreign entities. The foreign entities held by Partnership own and operate Business A and manage its related assets and activities.

Partnership wholly owns LLC 1, a State B limited liability company that is treated as a disregarded entity for federal tax purposes. LLC 1 wholly owns LLC 2, a State B limited

liability company that is treated as a disregarded entity for federal tax purposes. LLC 2 wholly owns LLC 3, a State B limited liability company that is treated as a disregarded entity for federal tax purposes.

Business A is owned and operated by F1 and its subsidiaries (the "Business A Group"). F1 is wholly owned by LLC 3 and is a Country X company that is treated as a disregarded entity for U.S. tax purposes. F1 wholly owns F2, a Country X company that is treated as a disregarded entity for U.S. tax purposes. F2 wholly owns F3, a Country X company that is treated as a disregarded entity for U.S. tax purposes. F3 wholly owns F4, a Country X company that is treated as a disregarded entity for U.S. tax purposes.

F3 and F4 hold C (c%) and D (d%) shares in F5, respectively. F5 is a Country X company that is treated as a disregarded entity for U.S. tax purposes. F5 wholly owns F6, a Country X company that is treated as a disregarded entity for U.S. tax purposes. The business assets comprising Business A are held primarily by F5 and F6.

F5 also wholly owns F7, a Country X company that is treated as a disregarded entity for U.S. tax purposes; F8, a Country X company that is treated as a disregarded entity for U.S. tax purposes; and F9, a Country Y company that is treated as a disregarded entity for U.S. tax purposes.

F5 owns a e% interest in F10, a Country X company that is treated as a corporation for U.S. tax purposes, and which is a controlled foreign corporation under section 957. F5 also wholly owns F11, a Country X company that is treated as a corporation for U.S. tax purposes, and which is a controlled foreign corporation under section 957.

For valid business purposes, Partnership intends to raise cash by issuing equity in Business A. Partnership plans to transfer ownership of the Business A Group to a newly formed corporation, through which equity in Business A will be issued pursuant to an initial public offering and a secondary offering.

PROPOSED TRANSACTION

(i) LLC 3 will form a new corporation ("Newco") as a Country Z company, which will be treated as a domestic corporation for U.S. tax purposes pursuant to section 7874(b).

(ii) For non-U.S. tax reasons, LLC 3 will contribute cash to Newco in exchange for Class X and Class Y stock. Immediately thereafter, pursuant to a preexisting binding commitment, Newco will utilize the same cash to purchase the interests in F1 from LLC 3. Each transaction will be dependent on the occurrence of the other, and no cash will actually change hands. The transactions will be effectuated within a single document, in which the parties will express the joint intent to treat the transactions as a section 351 exchange for U.S. tax purposes.

(iii) As an integral part of the overall transaction including the transfer from Partnership, Newco will issue Class X stock to public investors in an initial public offering (the "IPO") (collectively, Partnership and the public investors in the IPO are referred to as the "Transferors"). The transactions described in this paragraph (iii) and paragraph (ii) above are mutually interdependent.

(iv) As an integral part of the proposed transaction, Partnership will sell Class X stock to public investors for cash in a secondary offering (the "Secondary Offering").

(v) Following the steps outlined above, LLC 3 will form an additional Country Z company ("Holdco"), which will be treated as a disregarded entity for U.S. tax purposes. LLC 3 will transfer its stock in Newco to Holdco.

The Class X and Class Y stock of Newco will be voting common stock. Newco will not issue any non-voting common stock or any preferred stock. The terms of the Class X and Class Y stock will be identical in all respects, including dividend and liquidation rights, except with regard to voting and conversion rights. In all matters of Newco submitted to a vote of shareholders at a general meeting of the corporation, including the election of directors, the holders of Class X stock will be entitled to one (1) vote per share and the holders of Class Y stock will be entitled to E votes per share. A majority of votes, with the Class X and Class Y shareholders voting on a combined basis, will be required to approve all matters voted on by the shareholders, except with respect to certain, specified matters that will be subject to a special resolution. Matters subject to a special resolution will require a F shareholder approval, with the Class X and Class Y shareholders voting on a combined basis. Additionally, if holders of the Class Y stock own at least f% of the total number of outstanding shares of Newco, the voting power of the Class Y shares with respect to any special resolution will be weighted so that such shares represent, in the aggregate, g% of the voting power.

The matters of Newco that will be subject to a special resolution are: (i) amending the memorandum of association, (ii) authorizing a reduction of share capital, (iii) amending the articles of association, (iv) approving a merger or consolidation of the company, (v) changing the name of the company, (vi) appointing an inspector to examine the affairs of the company, (vii) requiring a court to wind up the company under relevant law, (viii) winding up the company voluntarily under relevant law, (ix) delegating to creditors the power to appoint a liquidator in a voluntary winding up, (x) filling any vacancy among liquidators and entry into arrangements in respect of a liquidator's powers in a voluntary winding up, (xi) sanctioning arrangements between a company being voluntarily wound up and its creditors, (xii) sanctioning of any general scheme of liquidation proposed by a liquidator, (xiii) sanctioning of any compromise with creditors or shareholders proposed by a liquidator, (xiv) sanctioning of certain other matters proposed by a liquidator, and (xv) registration by way of continuation in a jurisdiction outside Country Z.

Directors will be elected by ordinary resolution of the shareholders at the annual general meeting of Newco, which requires a majority vote by shareholders at such meeting. Directors can also be appointed and removed and/or replaced by written notice delivered to the corporation from time to time by shareholders permitted to exercise more than h% of the voting power capable of being exercised at any general meeting.

Pursuant to Newco's Articles of Association, the rights of shareholders of a particular class of Newco stock may not be varied without the prior consent of the holders of G of the shares of such class of stock. Additionally, under Country Z law, minority shareholders may generally bring a cause of action against those shareholders in the majority if such shareholders have acted in bad faith, with malice, or in a way that is otherwise discriminatory or unfairly prejudicial to minority shareholders.

Class Y shares will be convertible by the owner of such shares at any time into Class X shares. Class Y shares will also convert automatically into Class X shares on the transfer by the owner of such shares to a person or entity that is not related to or affiliated with the holder of such Class Y shares. Additionally, all Class Y shares will automatically convert into Class X shares on the date when the aggregate number of Class Y shares represents less than i% of the total number of outstanding shares of Newco.

REPRESENTATIONS

(a) No stock or securities of Newco will be issued for services rendered to or for the benefit of Newco in connection with the proposed transaction.

(b) No stock or securities of Newco will be issued for indebtedness of Newco that is not evidenced by a security or for interest on indebtedness of Newco that accrued on or after the beginning of the holding period of the Transferors for the debt.

(c) All rights, titles and interests for each copyright, in each medium of exploitation, will be transferred by Partnership to Newco.

(d) Partnership will not retain any significant power, right, or continuing interest, within the meaning of section 1253(b), in the franchises, trademarks, or trade names being transferred to Newco.

(e) The proposed transaction is not the result of the solicitation by a promoter, broker, or investment house.

(f) The Transferors will not retain any rights in the property transferred to Newco.

(g) The value of the stock received in exchange for accounts receivable will be equal to the net value of the accounts transferred, i.e., the face amount of the accounts

receivable previously included in income less the amount of the reserve for bad debts.

(h) Any debt relating to the stock of a corporation being transferred to Newco that is being assumed (or to which such stock is subject) was incurred to refinance debt used to acquire the assets of Business A, and Partnership is transferring all of such assets with respect to which such indebtedness being assumed (or to which such stock is subject) was incurred.

(i) The adjusted basis and the fair market value of the assets transferred to Newco will, in each instance, be equal to or exceed the sum of the liabilities assumed by Newco plus any liabilities to which the transferred assets are subject.

(j) The liabilities of Partnership that will be assumed by Newco were incurred in the ordinary course of business and are associated with the assets that will be transferred.

(k) There is no indebtedness between Newco and the Transferors and there will be no indebtedness created in favor of the Transferors as a result of the proposed transaction.

(l) The transfers and exchanges will occur under a plan agreed upon before the proposed transaction in which the rights of the parties are defined.

(m) All exchanges will occur on approximately the same date.

(n) There is no plan or intention on the part of Newco to redeem or otherwise reacquire any stock or indebtedness to be issued in the proposed transaction.

(o) The Transferors will possess greater than j% of the votes entitled to be cast by the outstanding shares of Newco.

(p) The Class X shareholders will possess, in the aggregate, at least k% voting power of Newco. There is no plan or intention for the voting power of the Class X shareholders to be reduced below this threshold amount.

(q) No changes will be made that would limit the voting rights of the Class X shareholders; for example, voting for directors will continue to require a majority vote.

(r) There is no binding commitment for Partnership to dispose of the Class Y shares.

(s) Each of the Transferors will receive stock approximately equal to the fair market value of the property transferred to Newco.

(t) Newco will remain in existence and retain and use the property transferred to it in a trade or business.

(u) There is no plan or intention by Newco to dispose of the transferred property other than in the normal course of business operations.

(v) Each of the parties to the transaction will pay its own expenses, if any, incurred in connection with the proposed transaction.

(w) Newco will not be an investment company within the meaning of section 351(e)(1) and section 1.351-1(c)(1)(ii) of the regulations.

(x) Partnership is not under the jurisdiction of a court in a title 11 or similar case and the stock or securities received in the exchange will not be used to satisfy the indebtedness of such debtor.

(y) Newco will not be a "personal service corporation" within the meaning of section 269A.

(z) Taking into account the following (assuming for purposes of making this representation only that the Class X stock is voting stock): any issuance of additional shares of Newco stock; any issuance of Newco stock for services; the exercise of any Newco stock rights, warrants, or subscriptions; a public offering of Newco stock; and the sale, exchange, transfer by gift, or other disposition of any of the stock of Newco to be received in the exchange, the Transferors will be in "control" of Newco within the meaning of section 368(c).

(aa) The aggregate adjusted bases of the transferred property in the hands of Newco will not exceed the fair market value of the property immediately after the transfer (determined without regard to section 362(e)(2)(A)).

RULINGS

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

(1) For federal income tax purposes, the circular flow of cash between LLC 3 and Newco will be disregarded, and Partnership will be treated as transferring the assets and liabilities of the Business A Group in exchange for Class X and Class Y stock of Newco (the "Contribution").

(2) The Class X stock of Newco will constitute voting stock for purposes of sections 351(a) and 368(c).

(3) Immediately after the completion of the Contribution, the IPO, and the Secondary Offering, the Transferors will be in control of Newco within the meaning of sections 351(a) and 368(c).

(4) The Contribution and the IPO will qualify as a transaction described in section 351(a).

(5) Partnership will recognize no gain or loss upon the Contribution to Newco. (Sections 351(a) and 357(a)).

(6) Newco will recognize no gain or loss on the receipt of the assets in the Contribution and the cash in the IPO in exchange for its stock. (Section 1032(a)).

(7) Partnership's basis in the stock of Newco received will equal the basis of the assets transferred in the Contribution, reduced by the amount of liabilities assumed (within the meaning of section 357(d)) by Newco and increased by any gain recognized by Partnership on the exchange. (Section 358(a)(1) and (d)).

(8) Newco's basis in each of the assets received in the Contribution will equal the basis of that respective asset in the hands of Partnership immediately before its transfer, increased by the amount of any gain recognized by Partnership on such transfer. (Section 362(a)).

(9) Newco's holding period for each of the assets received in the Contribution will include the period during which that respective asset was held by Partnership. (Section 1223(2)).

CAVEATS

We express no opinions about the tax treatment of the proposed transaction under other provisions of the Code or regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transaction that the above rulings do not cover specifically.

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. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative. 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.

Sincerely,

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Mark S. Jennings
Branch Chief, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: