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Legend

Partnership =

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Sub 13 =

Sub 14 =

Sub 15 =

Sub 16 =

Sub 17 =

Sub 18 =

Sub 19 =

Sub 20 =

Sub 21 =

State A =

State B =

Business A =

Business B =

Regulators =

a =

b =

c =

d =

e =

f =

g =

h =

Dear :

This letter responds to your October 19, 2011 request for rulings on certain federal income tax consequences of a series of proposed transactions (the "Proposed Transaction"). The information submitted in that request and in later 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 materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

SUMMARY OF FACTS

Parent is the common parent of an affiliated group of corporations that file a consolidated federal income tax return (the "Parent Consolidated Group"). Partnership, a limited liability company treated as a partnership for federal income tax purposes, owns all the outstanding stock of Parent.

Parent owns all of the outstanding interests of Sub 1, a limited liability company that is an entity disregarded from its owner for federal income tax purposes. Sub 1 owns all of the outstanding stock of Sub 2. Sub 2 owns all of the outstanding stock of Sub 3. Sub 3 owns all the outstanding stock of Sub 4 and Sub 5. Sub 5 owns all of the outstanding stock of Sub 6. Sub 6 owns all of the outstanding stock of Sub 7, Sub 8, Sub 9, Sub 10, Sub 11, Sub 12, Sub 13, Sub 14, Sub 15, Sub 16, and Sub 17 (together, the "Sub 6 Subs"). Sub 7 owns all of the stock of Sub 18, Sub 19, Sub 20, and Sub 21 (together, the "Sub 7 Subs," and collectively with the Sub 6 Subs, the "Sub 5 Subs"). Each of Sub 2, Sub 3, Sub 4, Sub 5, Sub 6, and the Sub 5 Subs is a member of the Parent Consolidated Group.

The Parent Consolidated Group engages in Business A and Business B. Sub 3 conducts Business A and Business B. Sub 4 conducts Business A and Business B in State B. Sub 5 and the Sub 5 Subs conduct Business B. Sub 3 owns certain trademarks associated with Business B.

At the time of the Proposed Transaction, Sub 2 will have $a in certain third-party indebtedness (the "Sub 2 Third Party Debt") and a $b revolving credit facility (the "Facility"). Sub 4 will have outstanding intercompany indebtedness of $c owed to Sub 2 ("Sub 4 Debt"). Sub 3 will have outstanding intercompany indebtedness as follows: (i)

$d owed to Sub 5 (“Sub 3 Debt 1”); (ii) $e owed to Sub 2 (“Sub 3 Debt 2”); and (iii) $f owed to Sub 4 (“Sub 3 Debt 3”).

The Parent Consolidated Group’s management believes it should separate Business A from Business B by undertaking the Proposed Transaction. After the Proposed Transaction, including the Distributions (defined below), is complete, Partnership may sell Business A (through a sale of the stock of Sub 2), Business B (through a sale of Parent), or both.

PROPOSED TRANSACTION

(i) Sub 5 converts to a limited liability company (“Sub 5 LLC”) under State A law (the “Sub 5 Conversion”). In connection with its conversion to a limited liability company, Sub 5 will adopt a plan of liquidation (the “Sub 5 Plan of Liquidation”). After the Sub 5 Conversion is effective, Sub 5 LLC cancels Sub 3 Debt 1.

(ii) Sub 3 contributes its historic portion of Business B (“Sub 3 Business B”) to the Sub 5 Subs (the “First Business B Contributions”). In connection with the First Business B Contributions and the Sub 3 Conversion (defined below), Sub 3, Sub 5 (and its successor Sub 5 LLC), Sub 6, and the Sub 5 Subs will enter into an agreement (the “First Business B Contribution Agreement”) whereby, Sub 3 will agree to contribute Sub 3 Business B to Sub 5 LLC (“Contribution 1”), Sub 5 LLC will agree to contribute Sub 3 Business B to Sub 6 (Contribution 2”), and Sub 6 will agree to contribute Sub 3 Business B to the Sub 5 Subs, as appropriate (either directly or indirectly through Sub 7) (“Contribution 3”).

Transfer of the assets that comprise Sub 3 Business B is subject to notifications to and approvals from various Regulators. As the Parent Consolidated Group submits notices and receives approval from the Regulators, that portion of Sub 3 Business B will be transferred in accordance with the First Business B Contribution Agreement. Because of the large quantity of notices and/or approvals necessary and the varying levels of complexity associated with the Regulators’ approval processes, the First Business B Contributions may occur over a period of several months.

The First Business B Contribution Agreement will provide (i) Sub 3 with the right to cause Sub 3 Business B to be transferred directly to Sub 5 LLC, (ii) Sub 5 LLC with the right to cause Sub 3 Business B to be transferred directly to Sub 6, and (iii) Sub 6 with the right to cause the Sub 3 Business B to be transferred to the relevant Sub 5 Subs (either directly or indirectly through Sub 7). In lieu of taking actual receipt of Sub 3 Business B pursuant to the First Business B Contributions, Sub 3, Sub 5, Sub 6, and

the Sub 5 Subs (either directly or indirectly through Sub 7), respectively, will exercise their rights under the First Business B Contribution Agreement.

(iii) Sub 3 converts to a limited liability company ("Sub 3 LLC") under State A law (the "Sub 3 Conversion").

(iv) Sub 4 merges into Sub 3 LLC (the "Sub 4 Merger"). As a result of the Sub 4 Merger, Sub 3 Debt 3 is cancelled under the laws of State A. Sub 2 contributes Sub 4 Debt to Sub 3 LLC.

(v) Sub 3 LLC transfers Sub 4's historic portion of Business B ("Sub 4 Business B") directly to Sub 8 (the "Second Business B Contributions"). In connection with the Second Business B Contributions, Sub 3 (and its successor Sub 3 LLC), Sub 5 (and its successor Sub 5 LLC), Sub 6, and Sub 8 will enter into a contribution agreement (the "Second Business B Contribution Agreement), whereby Sub 3 LLC will agree to transfer Sub 4 Business B to Sub 5 LLC ("Contribution 4"), Sub 5 LLC will agree to contribute Sub 4 Business B to Sub 6 ("Contribution 5") and Sub 6 will agree to transfer Sub 4 Business B to Sub 8 ("Contribution 6"). The First Business B Contributions and the Second B Contributions, together, the "Business B Contributions".

The Second Business B Contribution Agreement will provide (i) Sub 3 (and its successor, Sub 3 LLC) with the right to cause Sub 4 Business B to be transferred directly to Sub 5 LLC, (ii) Sub 5 LLC with the right to cause Sub 4 Business B to be transferred directly to Sub 6, and (iii) Sub 6 with the right to cause Sub 4 Business B to be transferred directly to Sub 8. In lieu of taking actual receipt of the assets that comprise Sub 4 Business B pursuant to the Second Business B Contributions, Sub 3 (and its successor, Sub 3 LLC), Sub 5 LLC, Sub 6 and Sub 8, respectively, will exercise their rights under the Second Business B Contribution Agreement

(vi) Sub 1 elects to be classified as an association taxable as a corporation under § 301.7701-3 (the "Sub 1 Election").

(vii) Sub 1 borrows $a (the "Bridge Loan") (representing the total amount outstanding on the Sub 2 Third Party Debt) plus any fees, interest, redemption premium or penalties, and other costs associated with the Bridge Loan from third-party lenders and contributes the proceeds to Sub 2.

(viii) Sub 2 uses the proceeds from the Bridge Loan to repay $a of Sub 2 Third Party Debt previously outstanding and amends or refinances the Facility to permit the Proposed Transactions (together with the Bridge Loan, the "First Refinancing").

If market conditions are appropriate, in lieu of the First Refinancing described above in Step (vii) and Step (viii), the following alternative steps will occur:

Alternative Step (vii) Sub 1 borrows $g and Sub 2 borrows $h from third-party lenders (collectively, the "New Borrowings"). The exact amount of borrowings by each of Sub 1 and Sub 2 will be determined by a number of factors, including, among other factors, prevailing market conditions and management's view as to an appropriate debt allocations between each business. Regardless of the actual amounts borrowed by each of Sub 1 and Sub 2, the aggregate amount of the New Borrowings will equal $a (representing the total amount outstanding on the Sub 2 Third Party Debt) plus any fees, interest, redemption premium or penalties, and other costs associated with the New Borrowings. Following the New Borrowings, Sub 1 contributes $g of borrowed proceeds to Sub 2.

Alternative Step (viii) Sub 2 uses $a of the proceeds from the New Borrowings to repay $a of Sub 2 Third Party Debt previously outstanding and amends or refinances the Facility to permit the Proposed Transaction (together with the New Borrowings, the "Alternative First Refinancing").

If the First Refinancing described in Steps (vii) and (viii) is utilized, a transaction similar to the Alternative First Refinancing described in Alternative Steps (vii) and (viii) will occur after Step (xii) below, except that in Alternative Step (vii), following the New Borrowings, Sub 2 will distribute that portion of the $h proceeds from the New Borrowings to Sub 1 and Sub 1 will then use the proceeds from the New Borrowings to repay the Bridge Loan.

(ix) Sub 2 converts to a limited liability company ("Sub 2 LLC") under State A law (the "Sub 2 Conversion," and, together with the Sub 1 Election and the First Refinancing (or the Alternative First Refinancing, if applicable), the "Sub 2 Reorganization").

(x) Sub 2 LLC contributes Sub 3 Debt 2 to Sub 3 LLC.

(xi) Sub 3 LLC distributes its interests in Sub 5 LLC to Sub 2 LLC.

(xii) Sub 2 LLC distributes its interests in Sub 5 LLC to Sub 1.

(xiii) Sub 2 LLC elects to be classified as an association taxable as a corporation under § 301.7701-3 (the "Sub 2 Election").

(xiv) Sub 1 distributes its interests in Sub 2 LLC to Parent ("Distribution 1").

(xv) Parent distributes its interests in Sub 2 LLC to Partnership ("Distribution 2," and together with Distribution 1, the "Distributions").

REPRESENTATIONS

Sub 5 Conversion

The following representations are made with respect to the Sub 5 Conversion:

(a) Sub 3, on the date of adoption of the Sub 5 Plan of Liquidation (the "Sub 5 Conversion Plan Date"), and at all times until the Sub 5 Conversion is completed, will own at least 80 percent of the only outstanding class of Sub 5 stock.

(b) No shares of Sub 5 stock will have been redeemed during the three years preceding the Sub 5 Conversion Plan Date.

(c) By operation of law, all transfers from Sub 5 to Sub 3 will occur on the effective date of the Sub 5 Conversion.

(d) For federal income tax purposes, as a result of the Sub 5 Conversion, Sub 5 will cease to be a going concern and it will cease to conduct any activities as a corporation.

(e) Sub 5 will not have acquired assets in any nontaxable transaction at any time, except for acquisitions occurring more than three years prior to the Sub 5 Conversion Plan Date.

(f) Except as described in the Proposed Transaction, no assets of Sub 5 have been or will be disposed of by either Sub 5 or Sub 3, except for (i) dispositions in the ordinary course of business, and (ii) dispositions occurring more than three years prior to the Sub 5 Conversion Plan Date.

(g) The Sub 5 Conversion will not be preceded or followed by the reincorporation, transfer, or sale of all or a part of the business assets of Sub 5 to another corporation (i) that is the alter ego of Sub 5 and (ii) that, directly or indirectly, will be owned more than 20 percent in value by persons holding directly more than 20 percent in value of the

stock of Sub 5 immediately prior to the Sub 5 Conversion. For purposes of this representation, ownership will be determined by application of the constructive ownership rules of § 318(a) as modified by § 304(c)(3).

(h) Prior to the Sub 5 Conversion Plan Date, no assets of Sub 5 will have been distributed in kind, transferred, or sold to Sub 3, except for (i) transactions occurring in the normal course of business, and (ii) transactions occurring more than three years prior to the Sub 5 Conversion Plan Date.

(i) The fair market value of the assets of Sub 5 will exceed its liabilities both at the Sub 5 Conversion Plan Date and immediately prior to the effective date of the Sub 5 Conversion.

(j) Except for Sub 3 Debt 1, there will be no intercorporate debt existing between Sub 3 and Sub 5 on the effective date of the Sub 5 Conversion, and none will be cancelled, forgiven, or discounted, except for transactions that occur more than three years prior to the effective date of the Sub 5 Conversion.

(k) Sub 3 is not an organization that is exempt from federal income tax under § 501 or any other provision of the Code.

(l) All of the transactions undertaken contemporaneously with, in anticipation of, in conjunction with, or in any way related to, the Sub 5 Conversion have been fully disclosed.

(m) The adjusted issue price of Sub 3 Debt 1 is equal to Sub 5's basis in Sub 3 Debt 1 and the face amount of Sub 3 Debt 1.

(n) Sub 3's corresponding item and Sub 5's intercompany item (after taking into account the special rules of Treas. Reg. § 1.1502-13(g)(4)(i)(C)) with respect to Sub 3 Debt 1 will offset in amount.

(o) Neither Sub 5 nor Sub 3 has a special status within the meaning of Treas. Reg. § 1.1502-13(c)(5) or attributes subject to a limitation under the separate return limitation year rules (e.g., Treas. Reg. §§ 1.1502-15, 1.1502-21(c), 1.1502-22(c)).

Sub 3 Conversion

The following representations are made with respect to the Sub 3 Conversion:

(p) The fair market value of the Sub 2 stock received or deemed received by Sub 2 will be approximately equal to the fair market value of the Sub 3 stock surrendered or deemed surrendered in the Sub 3 Conversion.

(q) In the Sub 3 Conversion, no consideration other than voting stock of Sub 2 will be, or will be deemed to be, issued.

(r) For federal income tax purposes, Sub 2 will acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Sub 3 immediately prior to the Sub 3 Conversion. For purposes of this representation, amounts paid by Sub 3 to dissenters, amounts paid by Sub 3 to pay its reorganization expenses, and all redemptions and distributions (except for regular, normal dividends) made by Sub 3 immediately preceding the Sub 3 Conversion will be included as assets of Sub 3 held immediately prior to the Sub 3 Conversion.

(s) Sub 2 has no plan or intention to sell or otherwise dispose of any of the assets of Sub 3 deemed acquired in the Sub 3 Conversion, except for dispositions made in the ordinary course of business or transfers described in § 368(a)(2)(C) or §1.368-2(k).

(t) For federal income tax purposes, Sub 3 will be deemed to distribute the stock, securities, and other property it receives in the Sub 3 Conversion, and its other properties, in pursuance of the plan of reorganization.

(u) The liabilities of Sub 3 deemed to be assumed (as described in § 357(d)) by Sub 2 were incurred by Sub 3 in the ordinary course of its business and are associated with the assets deemed transferred to Sub 2.

(v) Sub 2 either directly or through one or more members of Sub 2's qualified group (within the meaning of § 1.368-1(d)(4)(ii)) will continue the historic business of Sub 3 or use a significant portion of Sub 3's historic business assets in a business.

(w) Sub 2 and Sub 3 will pay their respective expenses, if any, incurred in connection with the Sub 3 Conversion.

(x) There is no intercorporate indebtedness existing between Sub 2 and Sub 3 that was issued, acquired, or will be settled at a discount.

(y) No party to the Sub 3 Conversion is an investment company as defined in § 368(a)(2)(F)(iii) and (iv).

(z) The total fair market value of the assets deemed transferred to Sub 2 in the Sub 3 Conversion will exceed the sum of (i) the amount of any liabilities assumed (as described in § 357(d)) by Sub 2 in the exchange and (ii) the amount of any liabilities owed to Sub 2 by Sub 3 that are discharged or extinguished in connection with the Sub 3 Conversion. The fair market value of the assets of Sub 2 will exceed the amount of its liabilities immediately after the Sub 3 Conversion.

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

(bb) The adjusted issue price of Sub 3 Debt 2 is equal to Sub 2's basis in Sub 3 Debt 2 and the face amount of Sub 3 Debt 2.

(cc) Sub 3's corresponding item and Sub 2's intercompany item (after taking into account the special rules of Treas. Reg. § 1.1502-13(g)(4)(i)(C)) with respect to Sub 3 Debt 2 will offset in amount.

(dd) Neither Sub 3 nor Sub 2 has a special status within the meaning of Treas. Reg. § 1.1502-13(c)(5) or attributes subject to a limitation under the separate return limitation year rules (e.g., Treas. Reg. §§ 1.1502-15, 1.1502-21(c), 1.1502-22(c)).

Sub 4 Merger

The following representations were made with respect to the Sub 4 Merger:

(ee) The fair market value of the Sub 2 stock received or deemed received by Sub 2 will be approximately equal to the fair market value of the Sub 4 stock surrendered or deemed surrendered in the Sub 4 Merger.

(ff) Sub 2 has no plan or intention to sell or otherwise dispose of any of the assets of Sub 4 acquired in the Sub 4 Merger, except for dispositions made in the ordinary course of business or transfers described in § 368(a)(2)(C) or § 1.368-2(k).

(gg) The liabilities of Sub 4 to be assumed (as described in § 357(d)) by Sub 2 were incurred by Sub 4 in the ordinary course of its business.

(hh) Following the Sub 4 Merger, Sub 2 either directly or through one or more members of Sub 2's qualified group (within the meaning of §1.368-1(d)(4)(ii)) will continue the historic business of Sub 4 or use a significant portion of Sub 4's historic business assets in a business.

(ii) Sub 4 and Sub 2 will pay their respective expenses, if any, incurred in connection with the Sub 4 Merger.

(jj) There is no intercorporate indebtedness existing between Sub 4 and Sub 2 that was issued, acquired or will be settled at a discount.

(kk) No party to the Sub 4 Merger is an investment company as defined in § 368(a)(2)(F)(iii) and (iv).

(ll) Sub 4 is not under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

(mm) The total fair market value of the assets of Sub 4 transferred to Sub 2 will exceed the sum of: (i) the amount of liabilities assumed (as determined under § 357(d)) by Sub 2 in connection with the exchange and (ii) the amount of liabilities owed to Sub 2 by Sub 4 that are discharged or extinguished in connection with the Sub 4 Merger. The fair market value of the assets of Sub 2 will exceed the amount of its liabilities immediately after the Sub 4 Merger.

(nn) The adjusted issue price of Sub 3 Debt 3 is equal to Sub 4's basis in Sub 3 Debt 3 and the face amount of Sub 3 Debt 3.

(oo) Sub 4's corresponding item and Sub 2's intercompany item (after taking into account the special rules of Treas. Reg. § 1.1502-13(g)(4)(i)(C)) with respect to Sub 3 Debt 3 will offset in amount.

(pp) The adjusted issue price of Sub 4 Debt is equal to Sub 2's basis in Sub 4 Debt and the face amount of Sub 4 Debt.

(qq) Sub 2's corresponding item and Sub 4's intercompany item (after taking into account the special rules of Treas. Reg. § 1.1502-13(g)(4)(i)(C)) with respect to Sub 4 Debt will offset in amount.

(rr) Neither Sub 4 nor Sub 2 has a special status within the meaning of Treas. Reg. § 1.1502-13(c)(5) or attributes subject to a limitation under the separate return limitation year rules (e.g., Treas. Reg. §§ 1.1502-15, 1.1502-21(c), 1.1502-22(c)).

Business B Contributions

The following representations are made with respect to the Business B Contributions. Transferor Corporation refers to the corporation that will transfer (or will be deemed to transfer) the Business B assets and liabilities in each of Contribution 1, Contribution 2, Contribution 3, Contribution 4, Contribution 5, and Contribution 6. Transferee Corporation refers to the corporation that will receive (or will be deemed to receive) the Business B assets and assume (or will be deemed to assume) the Business B liabilities in each of Contribution 1, Contribution 2, Contribution 3, Contribution 4, Contribution 5, and Contribution 6.

(ss) No stock will be issued for services rendered to or for the benefit of any Transferee Corporation in connection with the Business B Contributions, and (ii) no stock will be issued for indebtedness of the Transferee Corporation in such contribution that is not evidenced by a security or for interest of the Transferee Corporation which

accrued on or after the beginning of the holding period of the Transferor Corporation for the debt.

(tt) The Transferor Corporation will not retain any significant power, right, or continuing interest, within the meaning of § 1253(b), in the franchises, trademarks or trade names being transferred.

(uu) The Business B Contributions are not the result of the solicitation by a promoter, broker, or investment house.

(vv) The Transferor Corporation will not retain any rights in the assets transferred to the Transferee Corporation.

(ww) The adjusted basis and fair market value of the assets to be transferred by the Transferor Corporation to the Transferee Corporation will be equal to or exceed the sum of the liabilities to be assumed (as described in § 357(d)) by the Transferee Corporation plus any liabilities to which the transferred assets are subject.

(xx) The liabilities to be assumed (as described in § 357(d)) by the Transferee Corporation were incurred in the ordinary course of business and are associated with the assets to be transferred.

(yy) There is no indebtedness between the Transferor Corporation and the Transferee Corporation, other than (i) debt incurred in the ordinary course of business or (ii) indebtedness that predated the contemplation of the Business B Contributions, and there will be no indebtedness created in favor of the Transferor Corporation as a result of the Business B Contributions.

(zz) The transfers and exchanges will occur under a plan agreed upon before the Business B Contributions in which the rights of the parties are defined.

(aaa) There is no plan or intention on the part of the Transferee Corporation to redeem or otherwise reacquire any stock, indebtedness, or other ownership interests issued in the Business B Contributions.

(bbb) Taking into account any issuance of additional shares of the Transferee Corporation or other ownership interests; any issuance of stock or other ownership interests for services; the exercise of any of the Transferee Corporation’s rights, warrants, or subscriptions; a public offering of the Transferee Corporation’s stock or other ownership interests; and the sale, exchange, transfer by gift, or other disposition of any of the stock or other ownership interests of the Transferee Corporation to be received in the exchange, the Transferor Corporation will be in “control” of the Transferee Corporation within the meaning of § 368(c).

(ccc) The Transferor Corporation will be deemed to receive stock or other ownership interests in the Transferee Corporation approximately equal to the fair market value of the property transferred to the Transferee Corporation.

(ddd) The Transferee Corporation will remain in existence and, other than subsequent transfers undertaken as part of the Business B Contributions, retain and use the property transferred to it in a trade or business.

(eee) Other than subsequent transfers undertaken as part of the Business B Contributions, there is no plan or intention by the Transferee Corporation to dispose of the transferred property other than in the normal course of business operations.

(fff) The Transferor Corporation and the Transferee Corporation will pay its own expenses, if any, incurred in connection with the Business B Contributions.

(ggg) The Transferee Corporation will not be an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(hhh) The Transferor Corporation is not and will not be, under the jurisdiction of a court in a Title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the equity interest received in the exchange will not be used to satisfy the indebtedness of the Transferor Corporation.

(iii) The Transferee Corporation will not be a “personal service corporation” within the meaning of § 269A of the Code.

(jjj) The aggregate fair market value of the assets transferred by the Transferor Corporation will exceed the sum of (a) the amount of liabilities to be assumed (as described in § 357(d)) by the Transferee Corporation in connection with the Business B Contributions, (b) the amount of liabilities owed to the Transferee Corporation by the Transferor Corporation that will be discharged or extinguished in connection with the exchange, and (c) the amount of any money or fair market value of any other property (other than stock permitted to be received under § 351(a) without the recognition of gain) to be received by the Transferor Corporation in connection with the exchange. The fair market value of the assets of the Transferee Corporation will exceed the amount of its liabilities immediately after the Business B Contributions.

(kkk) The aggregate fair market value of the assets transferred by the Transferor Corporation to the Transferee Corporation equaled or exceeded the Transferor Corporation's aggregate adjusted basis in such property.

Sub 2 Reorganization

The following representations were made with respect to the Sub 2 Reorganization:

(lll) Sub 1 is an “eligible entity” within the meaning of § 301.7701-3. No prior election under § 301.7701-3 to change the classification of Sub 1, excluding any election made on the formation of Sub 1, will have been made within the sixty-month period preceding the effective date of the Sub 1 Election.

(mmm) The fair market value of the Sub 1 interests deemed received by Parent will be approximately equal to the fair market value of Sub 2 stock surrendered in the Sub 2 Reorganization.

(nnn) Immediately following the Sub 2 Reorganization, Parent will own all of the outstanding interests of Sub 1 and will own such interests solely by reason of its ownership of Sub 2 stock immediately prior to the Sub 2 Reorganization.

(ooo) The Bridge Loan (or New Borrowings) will have approximately the same principal amount as the outstanding amount due, in the aggregate, on the Sub 2 Third Party Debt and Facility, together with any fees, interest, redemption premium or penalties, and other costs associated with the Bridge Loan (or New Borrowings).

(ppp) Except as described above in the First Refinancing (or Alternative First Refinancing), immediately following the Sub 2 Reorganization, Sub 1 will possess the same assets and liabilities as those possessed by Sub 2 immediately prior to the Sub 2 Reorganization. Assets distributed to Parent, assets used to pay expenses and all redemptions and distributions (except for regular, normal dividends) made by Sub 2 immediately preceding the Sub 2 Reorganization, in the aggregate, if any, will constitute less than one percent of the net assets of Sub 2.

(qqq) At the time of the Sub 2 Reorganization, Sub 2 will not have outstanding stock options, warrants, convertible securities, or any other right that is convertible into any class of stock, proprietary interest, or securities of Sub 2.

(rrr) Except as described above in the First Refinancing (or Alternative First Refinancing), the liabilities of Sub 2 deemed assumed by Sub 1 plus the liabilities, if any, to which the transferred assets are subject, were incurred by Sub 2 in the ordinary course of its business and will have been associated with the assets deemed transferred.

(sss) Each of the parties to the Sub 2 Reorganization will pay its own expenses, if any, incurred in connection with the Sub 2 Reorganization.

(ttt) Sub 2 will not be under the jurisdiction of a court in a Title 11, or similar case, within the meaning of § 368(a)(3)(A).

RULINGS

Based solely on the information and representations submitted, we rule as follows with respect to the Proposed Transaction.

Sub 5 Conversion

(1) The Sub 5 Conversion will be treated as if Sub 5 distributed all of its assets and liabilities to Sub 3 in complete liquidation of Sub 5 under § 332. § 332(b) and § 1.332-2(d).

(2) No gain or loss will be recognized by Sub 3 on the deemed receipt of all the assets and assumption of the liabilities of Sub 5 in the Sub 5 Conversion. § 332(a).

(3) No gain or loss will be recognized by Sub 5 on the deemed distribution of its assets and assumption of its liabilities by Sub 3 in the Sub 5 Conversion. § 337(a).

(4) Sub 3's basis in each asset deemed received from Sub 5 in the Sub 5 Conversion will be the same as the basis of that asset in the hands of Sub 5 immediately before the Sub 5 Conversion. § 334(b)(1).

(5) Sub 3's holding period in each asset deemed received from Sub 5 in the Sub 5 Conversion will include the period during which that asset was held by Sub 5. § 1223(2).

(6) Sub 3 will succeed to and take into account as of the effective date of the Sub 5 Conversion the items of Sub 5 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 and the regulations thereunder. § 381(a) and § 1.381(a)-1.

(7) Sub 3 will not realize income under § 61(a)(12) or § 1.301-1(m) with respect to the deemed extinguishment of Sub 3 Debt 1 in the Sub 5 Conversion. Rev. Rul. 74-54, 1974-1 C.B. 76.

Sub 3 Conversion

(8) For federal income tax purposes, the Sub 3 Conversion will be treated as a transfer by Sub 3 of substantially all of its assets to Sub 2 solely in exchange for Sub 2 voting stock and the assumption of the liabilities of Sub 3, followed by the distribution by Sub 3 of the Sub 2 voting stock to Sub 2 in complete liquidation of Sub 3. The Sub 3 Conversion will qualify as a reorganization under § 368(a)(1)(C).

(9) Sub 2 and Sub 3 will each be a "party to a reorganization" within the meaning of § 368(b).

(10) No gain or loss will be recognized by Sub 3 on the deemed transfer of substantially all of its assets to Sub 2 solely in exchange for Sub 2 voting stock and the deemed assumption by Sub 2 of the liabilities of Sub 3. §§ 361(a) and 357(a).

(11) No gain or loss will be recognized by Sub 3 on the deemed distribution of Sub 2 voting stock to Sub 2. § 361(c).

(12) No gain or loss will be recognized by Sub 2 on the deemed receipt of the assets of Sub 3 solely in exchange for Sub 2 voting stock. § 1032(a).

(13) No gain or loss will be recognized by Sub 2 upon the deemed receipt of Sub 2 stock solely in exchange for Sub 3 stock. § 354(a)(1).

(14) The basis of each of the assets of Sub 3 received by Sub 2 in the Sub 3 Conversion will be the same as the basis of such asset in the hands of Sub 3 immediately prior to the Sub 3 Conversion. § 362(b).

(15) The holding period of each of the assets of Sub 3 in the hands of Sub 2 will include the period during which Sub 3 held such asset. § 1223(2).

(16) Sub 2 will succeed to and take into account the items of Sub 3 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384, and the regulations thereunder. § 381(a) and § 1.381(a)-1.

Sub 4 Merger

(17) Provided that the Sub 4 Merger qualifies as a statutory merger under applicable state law, the Sub 4 Merger will qualify as a reorganization under § 368(a)(1)(A).

(18) Sub 2 and Sub 4 will each be a “party to a reorganization” within the meaning of § 368(b).

(19) No gain or loss will be recognized by Sub 4 on the deemed transfer of its assets to Sub 2 and the assumption by Sub 2 of the liabilities of Sub 4. §§ 361(a) and 357(a).

(20) No gain or loss will be recognized by Sub 4 on the deemed distribution of Sub 2 stock to Sub 2. § 361(c).

(21) No gain or loss will be recognized by Sub 2 on the receipt of the assets of Sub 4 solely in exchange for stock of Sub 2. § 1032(a).

(22) No gain or loss will be recognized by Sub 2 upon the deemed receipt of Sub 2 stock solely in exchange for Sub 4 stock. § 354(a)(1).

(23) The basis of each asset of Sub 4 in the hands of Sub 2 will be the same as the basis of such asset in the hands of Sub 4 immediately prior to the Sub 4 Merger. § 362(b).

(24) The holding period of each asset of Sub 4 in the hands of Sub 2 will include the period during of that asset in the hands of Sub 4. § 1223(2).

(25) Sub 2 will succeed to and take into account the items of Sub 4 described in § 381(c), subject to the conditions and limitations specified in §§ 381, 382, 383, and 384, and the regulations thereunder. § 381(a) and § 1.381(a)-1.

Business B Contributions

(26) No gain or loss will be recognized by the Transferor Corporation on the transfer of the assets to the Transferee Corporation solely in exchange for any actual issuance or any deemed issuance of the Transferee Corporation stock and the assumption by the Transferee Corporation of the related liabilities. §§ 351(a) and 357(a).

(27) No gain or loss will be recognized by the Transferee Corporation on the receipt of assets from the Transferor Corporation in the Business B Contributions. § 1032(a).

(28) The basis of the Transferee Corporation stock constructively received by the Transferor Corporation will be the same as the basis of the assets transferred by the Transferor Corporation to the Transferee Corporation, decreased by the sum of the liabilities assumed by the Transferee Corporation. §§ 358(a)(1) and 358(d).

(29) The basis of each asset received by the Transferee Corporation in the Business B Contributions will equal the basis of that asset in the hands of the Transferor Corporation immediately before the Business B Contributions. § 362(a).

(30) The holding period of the stock to be constructively received by the Transferor Corporation will include the holding period of the assets that were transferred in the Business B Contributions, provided that the assets were held as capital assets by Sub 3 or Sub 4, as applicable, on the respective date of the Business B Contributions. § 1223(1).

(31) The holding period of each asset received by the Transferee Corporation in the Business B Contributions includes the holding period of that asset in the hands of the Transferor Corporation immediately before the Business B Contributions. § 1223(2).

Sub 2 Reorganization

(32) The Sub 2 Reorganization will qualify as a reorganization under § 368(a)(1)(F). Sub 1 and Sub 2 will each be “a party to a reorganization” under § 368(b).

(33) No gain or loss will be recognized by Sub 2 upon the deemed transfer of its assets to Sub 1 and the deemed assumption by Sub 1 of the liabilities of Sub 2 in the Sub 2 Reorganization. § 361(a) and § 357(a).

(34) No gain or loss will be recognized by Parent upon its deemed exchange of shares of Sub 2 stock for interests in Sub 1. § 354(a).

(35) No gain or loss will be recognized by Sub 1 upon the deemed receipt of Sub 2's assets and the deemed assumption of Sub 2's liabilities in the Sub 2 Reorganization. § 1032(a).

(36) No gain or loss will be recognized by Sub 2 on the distribution of the Sub 1 interests to Parent. § 361(c).

(37) The basis of the Sub 2 assets held by Sub 1 will be the same as the basis of such assets in the hands of Sub 2 immediately prior to the Sub 2 Reorganization. § 362(b).

(38) The basis of the Sub 1 interests deemed received by Parent will be the same as the basis of the Sub 2 stock for which they will be deemed exchanged. § 358(a).

(39) Provided the Sub 2 shares are held as a capital asset at the time of the Sub 2 Reorganization, the holding period of the Sub 1 interests deemed received in exchange therefore will include the holding period of the Sub 2 stock. § 1223(1).

(40) Sub 1's holding period for the assets acquired from Sub 2 will include the period during which such assets were held by Sub 2. § 1223(2)).

CAVEATS

No opinion is expressed about the tax treatment of the Proposed Transaction under other provisions of the Code and regulations or on the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that are not specifically covered by the above rulings. In particular, this office has not reviewed any information pertaining to and has made no determination regarding the tax treatment of the Sub 2 Election or the Distributions.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting 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 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,

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel (Corporate)