

## Internal Revenue Service

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Department of the Treasury  
Washington, DC 20224

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:CORP: B03  
PLR-149716-13

Date:  
December 16, 2013

### Legend

Distributing =

Controlled =

Business A =

Dear :

This letter responds to your representative's letter dated November 21, 2013, requesting that we supplement the private letter ruling dated September 30, 2013 (PLR-117695-13) (the "Ruling"). The material information submitted for consideration is summarized below. Capitalized or underlined terms not defined in this letter have the meanings assigned to them in the Ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and are 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, whether the Proposed Transactions (as modified herein): (i)

satisfy the business purpose requirement of Treas. Reg. § 1.355-2(b); (ii) are being used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)); or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing or controlled corporation (see section 355(e) and Treas. Reg. § 1.355-7).

### **Supplemental Facts**

The Proposed Transactions described in the Ruling will be executed by the taxpayer in modified form. Following the distribution of Class A Common Stock in the External Spin-Off, one or more shareholders will (subject to the financing available to Controlled and its subsidiaries and the performance of Business A) contribute cash to Controlled in exchange for convertible participating preferred equity in Controlled (the "Preferred Stock").

### **Supplemental Ruling**

Based solely on the information and representations made, we supplement the Ruling by ruling:

- (14H) The issuance of the Preferred Stock, following the distribution of the Class A common, will not (i) cause Controlled to fail to be a "controlled corporation" within the meaning of section 355(a) or (ii) cause Distributing to fail to be treated as having distributed stock in Controlled constituting "control" upon the distribution of the Class A Common Stock. Rev. Rul. 98-27, 1998-1 C.B. 1159.

The supplemental facts submitted shall have no adverse impact on the Ruling, which, as modified, shall remain in full force and effect.

### **Caveats**

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Transactions (as modified herein) under other provisions of the Code and regulations or the tax treatment of any condition existing at the time of, or effect resulting from the Proposed Transactions (as modified herein) that is not specifically covered by the above rulings. In particular, except as so provided, no opinion is expressed or implied regarding (1) whether the External Spin-Off satisfies the business purpose requirement of section 1.355-2(b), (2) whether the External Spin-Off is being used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see section 355(a)(1)(B) and Treas. Reg. § 1.355-2(d)) and; (3) whether the External Spin-Off and the acquisition or acquisitions are part of a plan (or series of related transactions) under section 355(e)(2)(A)(ii). Additionally, no opinion is expressed or

implied as to the federal income tax consequences of the Proposed Transactions (as modified herein) under subchapter K of the Internal Revenue Code including, but not limited to sections 707, 731, 751 and 752.

### **Procedural Statements**

This 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.

It is important that a copy of this ruling letter be attached to the federal income tax return of each party involved for the taxable year in which the transaction covered by this letter is consummated. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their returns that provides the date and control number of the letter ruling.

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

Sincerely,

*Isaac W. Zimbalist*

Isaac W. Zimbalist  
Senior Technician Reviewer, Branch 5  
Office of Associate Chief Counsel  
(Corporate)

cc: