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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. _____

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Refer Reply To:
CC:CORP:2
PLR-101305-19
Date:
August 01, 2019

Legend

Controlled =

Distributing 1 =

Distributing 2 =

State A =

Shareholder A Entities =

Shareholder B =

Investment Advisor 1 =

Investment Advisor 2 =

Investment Advisor 3 =

Date A =

Date B =

Date C =

Date D =

Date E =

Date F =

Date G =

Date H =

Date I =

a percent =

b percent =

c percent =

d percent =

e percent =

f percent =

g percent =

h percent =

i percent =

\$a =

Dear :

This letter responds to your December 21, 2018 request, submitted by your authorized representatives, for rulings under section 355(e) relating to the Share Repurchases (defined below). The material 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 penalties of perjury statements 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.

This letter is issued pursuant to section 6.03 of Rev. Proc. 2018-1, 2018-1 I.R.B. 1, regarding significant issues presented in a transaction described under section 355 of the Internal Revenue Code (the Code). The rulings contained in this letter only address one or more discrete legal issues in the transaction. This office expresses no opinion as to the overall tax consequences of the transactions described in this letter or as to any issue not specifically addressed by the rulings below.

Summary of Facts

Distributing 2, a State A corporation, was the parent of a worldwide group of domestic and foreign entities. Distributing 2 was the common parent of an affiliated group of corporations that joined in filing a consolidated federal income tax return. Distributing 2 had a single class of common stock outstanding, which was publicly traded.

Pursuant to transactions described in PLR-130090-15 (issued on February 24, 2016), Distributing 2 effectuated the distribution of the stock of Distributing 1 and Controlled, each a State A corporation with a single class of common stock, to Distributing 2's shareholders (together, the Distributions). The Distributions were intended to qualify under section 355. The Distributions were accomplished on or before Date A.

Before Date B, approximately a percent of Distributing 2's outstanding common stock was owned by affiliated entities (the Shareholder A Entities). The Shareholder A Entities sold approximately b percent of Distributing 2's outstanding common stock in a public offering on Date B and disposed of an additional approximately c percent of such stock shortly thereafter. Pursuant to a stock purchase agreement entered into on Date C, the Shareholder A Entities sold approximately d percent of the outstanding shares of common stock of each of Distributing 2, Distributing 1, and Controlled to an unrelated party, Shareholder B, on Date D (a date that occurred after Date A).

Following the Distributions, the Shareholder A Entities sold approximately e percent of Controlled's outstanding common stock in a public offering on Date E and disposed of an additional approximately f percent of such stock shortly thereafter. On Date F, the Shareholder A entities sold approximately g percent of Controlled's outstanding common stock in a privately negotiated transaction. Following these sales, the Shareholder A Entities did not own any of Controlled's outstanding common stock.

During Date G, Shareholder B sold approximately h percent of the outstanding common stock of Controlled in a secondary public offering and Controlled redeemed an additional approximately i percent of such stock. Following these transactions, Shareholder B did not own any of Controlled's outstanding common stock.

Following the Distributions, on Date H, Controlled's board of directors approved a new share repurchase plan of up to \$a (the Share Repurchases). On Date I, Controlled's board of directors authorized additional share repurchases of up to an additional \$a. Controlled had not repurchased any of its shares prior to implementing the Share Repurchases, and Controlled may engage in additional share repurchases in the future.

Certain Share Repurchases will be made through: (i) open market purchases, (ii) one or more accelerated share repurchase (ASR) programs, (iii) one or more tender offers open to all public holders of Controlled common stock, or (iv) a combination thereof. It is anticipated that the only participants in the Share Repurchases will be public shareholders (i.e., shareholders who are not a "controlling shareholders" or "10 percent shareholders," within the meaning of Treas. Reg. sections 1.355-7(h)(3) and (14), respectively (Public Shareholders)). It is expected that, under an ASR program, Controlled would purchase a specified number or dollar amount of its shares from a third-party investment bank at a price per share that is determined over a specified calculation period (which often may be terminated early at the bank's option) and may be subject to certain caps and/or floors. Controlled would pay for the shares upfront, and the bank would obtain shares that it delivers upfront by borrowing shares (e.g., from customers or mutual funds). Then the bank would buy shares, generally in the open market, over time to return the borrowed shares and to obtain any additional shares it owes to Controlled, with a possible true-up adjustment as between Controlled and the bank at maturity of the ASR program. The timing and total amount of the Share Repurchases will ultimately be dependent upon business considerations and market factors, among other factors.

Prior to Date H, Investment Advisors 1, 2, and 3, filed Schedules 13G reporting beneficial ownership of more than ten-percent, or more than five-percent, of Controlled's total outstanding common shares. Item 6 on each Schedule 13G stated that no one person's interest in the common stock of Controlled was more than five-percent of the total outstanding common shares.

Representations

1. The Share Repurchases are motivated by a business purpose, and the stock to be repurchased in the Share Repurchases will be widely held.
2. The Share Repurchases are not motivated to any extent by a desire to increase or decrease the ownership percentage of any particular shareholder or group of shareholders.
3. At the time that a Share Repurchase is consummated, Controlled will not know the identity of any beneficial shareholder: (i) from which Controlled stock is repurchased in the open market; (ii) in the case of an ASR program, from which the third-party investment bank borrows Controlled stock or purchases Controlled stock to fulfill the

bank's obligation to return borrowed shares; or (iii) that participates in a tender offer (except to the extent that the shareholder is the record holder of tendered shares or provides an identifying tax-related form or statement to Controlled in connection with such participation).

Rulings

Based solely on the information submitted and representations made, we rule as follows:

1. To the extent the Share Repurchases are treated as part of a plan (or series of related transactions) with the Distributions for purposes of section 355(e), the Share Repurchases will be treated as being made from all Public Shareholders of Controlled common stock on a pro rata basis for purposes of testing the effect of the Share Repurchases on the Distributions under section 355(e).

For purposes of this ruling, each Controlled common stock shareholder will be treated as a Public Shareholder with respect to any Share Repurchases that occur on or prior to five business days after either: (i) actual knowledge of the Vice President of Investor Relations, the General Counsel, or a functionally similar position at Controlled of the existence of a non-Public Shareholder, or (ii) the filing of a Schedule 13D, Schedule 13G, Form 3, or Form 4, indicating the shareholder holds enough shares to be considered a five-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(8) (and such shareholder actively participates in the management or operation of Controlled as described in Treas. Reg. section 1.355-7(h)(3)) or a ten-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(14). For purposes of determining whether a five-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(8) or a ten-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(14) exists, Controlled may disregard a Schedule 13G unless Item 6 reports such a shareholder or is left blank, or the filer discloses its status as a five-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(8) or a ten-percent shareholder within the meaning of Treas. Reg. section 1.355-7(h)(14) on Form 3 or Form 4.

2. Any increase, directly or indirectly, in the percentage of either voting power or value of the stock of Controlled owned by a shareholder by virtue of the Share Repurchases or acquisitions of the stock of Controlled, if any, as part of a plan (or series of related transactions) with the Distributions will be taken into account for purposes of section 355(e) only after reducing such increase for any reduction in such percentage interest, directly or indirectly, resulting from the Share Repurchases and any disposition of stock of Controlled by such shareholder or issuance of stock by Controlled, if any, as part of a plan (or series of related transactions) with the Distributions.

3. The effect of the Share Repurchases will be taken into account under section 355(e) and these rulings only to the extent such Share Repurchases are otherwise treated for purposes of section 355(e) as part of a plan (or series of related transactions) with the Distributions.

Caveats

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

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.

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, copies of this letter are being sent to your authorized representatives.

Sincerely,

Robert M. Rhyne
Assistant to the Branch Chief, Branch 2
Office of Associate Chief Counsel (Corporate)

cc: