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Person to Contact:

Telephone Number:

Refer Reply To:

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Date:

July 30, 2002

Re:

Holding Company =

Corporation 1 =

Corporation 2 =

Corporation 3 =

Corporation 4 =

Corporation 5 =

Corporation 6 =

Corporation 7 =

Corporation 8 =

Corporation 9 =

Corporation 10 =

Corporation 11 =

Shareholder 1 =

Shareholder 2 =

Shareholder 3 =

Shareholder 4 =

Shareholder 5 =

Shareholder 6 =

Shareholder 7 =

Shareholder 8 =

Shareholder 9 =

Shareholder 10 =

Shareholder 11 =

Shareholder 12 =

Shareholder 13 =

Shareholder 14 =

Shareholder 15 =

Shareholder 16 =

Shareholder 17 =

Shareholder 18 =

Shareholder 19 =

Shareholder 20 =

Shareholder 21 =

Shareholder 22 =

Shareholder 23 =

Shareholder 24 =

Shareholder 25 =

Shareholder 26 =

Shareholder 27 =

Shareholder 28 =

Shareholder 29 =

Shareholder 30 =

Shareholder 31 =

Shareholder 32 =

Shareholder 33 =

Shareholder 34 =

Shareholder 35 =

State X =

Business Y =

Dear

This letter is in reply to your letter dated December 21, 2001, requesting rulings with respect to a plan of reorganization described below. Additional information was submitted in letters dated April 12, and May 12, 2002. The information submitted for consideration is summarized below.

Corporation 1, Corporation 2, Corporation 3, Corporation 4, Corporation 5, Corporation 6, Corporation 7, Corporation 8, Corporation 9, Corporation 10, and Corporation 11 (collectively, the "Corporations") are State X that have elected to be taxed as subchapter S corporations for federal income tax purposes. The Corporations are each engaged in Business Y. The Corporations are owned by a group of partially related shareholders (Shareholder 1 through Shareholder 35, collectively, the "Shareholders").

Holding Company is a newly formed State X corporation. Holding Company has elected to be taxed as a subchapter S corporation. Currently, each of the Shareholders owns one share of stock in Holding Company. Holding Company was formed in order to complete the proposed transaction.

The parties represent that in order to accomplish corporate business purposes, they desire to consolidate the operations of the Corporations. To accomplish these

goals, they intend to complete the following proposed transaction (the "Proposed Transaction"):

1. The Shareholders will simultaneously transfer 100 percent of the stock of Corporation 1 through Corporation 11 to Holding Company (the "Contribution"). Each Shareholder will receive additional Holding Company shares such that each Shareholder will own shares in Holding Company proportional to the value of their shares in Corporation 1 through Corporation 11 transferred to Holding Company.
2. Holding Company will elect to treat each of Corporation 1 through Corporation 11 as qualified subchapter S subsidiaries (the "Qsub elections"). For federal income tax purposes, the Qsub elections will result in the deemed liquidations of Corporations 1 through 11 into Holding Company (the "Liquidations").

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 1 (the Corporation 1 Proposed Transaction):

- (A1) The fair market value of the Holding Company stock received by each Corporation 1 shareholder will be approximately equal to the fair market value of the Corporation 1 stock deemed surrendered in the exchange.
- (B1) There is no plan or intention by the shareholders of Corporation 1 who own one percent or more of the Corporation 1 stock, and to the best of the knowledge of the management of Corporation 1, there is no plan or intention on the part of the remaining shareholders of Corporation 1 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 1 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 1 as of the same date. For purposes of this representation, shares of Corporation 1 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 1 stock on the date of the transaction. Moreover, shares of Corporation 1 stock and shares of Holding Company stock held by Corporation 1 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.

- (C1) Holding Company 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 Corporation 1 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 1 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 1 immediately preceding the transfer will be included as assets of Corporation 1 held immediately prior to the transaction.
- (D1) After the transaction, the shareholders of Corporation 1 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E1) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F1) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 1 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G1) The liabilities of Corporation 1 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 1 in the ordinary course of its business and are associated with the assets transferred.
- (H1) Following the transaction, Holding Company will continue the historic business of Corporation 1 or use a significant portion of the historic business assets of Corporation 1 in a business.
- (J1) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 1 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K1) Holding Company, Corporation 1, and the shareholders of Corporation 1 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L1) There is no intercorporate indebtedness existing between Holding Company and Corporation 1 that was issued, acquired, or will be settled at a discount.
- (M1) No two parties to the transaction are investment companies as defined in

§ 368(a)(2)(F)(iii) and (iv) of the Code.

- (N1) The fair market value of the assets of Corporation 1 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O1) The total adjusted basis of the assets of Corporation 1 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P1) Corporation 1 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 2 (the Corporation 2 Proposed Transaction):

- (A2) The fair market value of the Holding Company stock received by each Corporation 2 shareholder will be approximately equal to the fair market value of the Corporation 2 stock deemed surrendered in the exchange.
- (B2) There is no plan or intention by the shareholders of Corporation 2 who own one percent or more of the Corporation 2 stock, and to the best of the knowledge of the management of Corporation 2, there is no plan or intention on the part of the remaining shareholders of Corporation 2 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 2 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 2 as of the same date. For purposes of this representation, shares of Corporation 2 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 2 stock on the date of the transaction. Moreover, shares of Corporation 2 stock and shares of Holding Company stock held by Corporation 2 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C2) Holding Company 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 Corporation 2 immediately prior to the transaction.

For purposes of this representation, amounts used by Corporation 2 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 2 immediately preceding the transfer will be included as assets of Corporation 2 held immediately prior to the transaction.

- (D2) After the transaction, the shareholders of Corporation 2 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E2) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F2) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 2 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G2) The liabilities of Corporation 2 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 2 in the ordinary course of its business and are associated with the assets transferred.
- (H2) Following the transaction, Holding Company will continue the historic business of Corporation 2 or use a significant portion of the historic business assets of Corporation 2 in a business.
- (J2) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 2 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K2) Holding Company, Corporation 2, and the shareholders of Corporation 2 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L2) There is no intercorporate indebtedness existing between Holding Company and Corporation 2 that was issued, acquired, or will be settled at a discount.
- (M2) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N2) The fair market value of the assets of Corporation 2 transferred to Holding

Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.

- (O2) The total adjusted basis of the assets of Corporation 2 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P2) Corporation 2 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 3 (the Corporation 3 Proposed Transaction):

- (A3) The fair market value of the Holding Company stock received by each Corporation 3 shareholder will be approximately equal to the fair market value of the Corporation 3 stock deemed surrendered in the exchange.
- (B3) There is no plan or intention by the shareholders of Corporation 3 who own one percent or more of the Corporation 3 stock, and to the best of the knowledge of the management of Corporation 3, there is no plan or intention on the part of the remaining shareholders of Corporation 3 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 3 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 3 as of the same date. For purposes of this representation, shares of Corporation 3 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 3 stock on the date of the transaction. Moreover, shares of Corporation 3 stock and shares of Holding Company stock held by Corporation 3 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C3) Holding Company 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 Corporation 3 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 3 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 3 immediately

preceding the transfer will be included as assets of Corporation 3 held immediately prior to the transaction.

- (D3) After the transaction, the shareholders of Corporation 3 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E3) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F3) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 3 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G3) The liabilities of Corporation 3 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 3 in the ordinary course of its business and are associated with the assets transferred.
- (H3) Following the transaction, Holding Company will continue the historic business of Corporation 3 or use a significant portion of the historic business assets of Corporation 3 in a business.
- (J3) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 3 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K3) Holding Company, Corporation 3, and the shareholders of Corporation 3 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L3) There is no intercorporate indebtedness existing between Holding Company and Corporation 3 that was issued, acquired, or will be settled at a discount.
- (M3) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N3) The fair market value of the assets of Corporation 3 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.

- (O3) The total adjusted basis of the assets of Corporation 3 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P3) Corporation 3 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 4 (the Corporation 4 Proposed Transaction):

- (A4) The fair market value of the Holding Company stock received by each Corporation 4 shareholder will be approximately equal to the fair market value of the Corporation 4 stock deemed surrendered in the exchange.
- (B4) There is no plan or intention by the shareholders of Corporation 4 who own one percent or more of the Corporation 4 stock, and to the best of the knowledge of the management of Corporation 4, there is no plan or intention on the part of the remaining shareholders of Corporation 4 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 4 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 4 as of the same date. For purposes of this representation, shares of Corporation 4 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 4 stock on the date of the transaction. Moreover, shares of Corporation 4 stock and shares of Holding Company stock held by Corporation 4 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C4) Holding Company 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 Corporation 4 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 4 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 4 immediately preceding the transfer will be included as assets of Corporation 4 held immediately prior to the transaction.
- (D4) After the transaction, the shareholders of Corporation 4 will be in control

of Holding Company within the meaning of § 368(a)(2)(H) of the Code.

- (E4) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F4) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 4 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G4) The liabilities of Corporation 4 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 4 in the ordinary course of its business and are associated with the assets transferred.
- (H4) Following the transaction, Holding Company will continue the historic business of Corporation 4 or use a significant portion of the historic business assets of Corporation 4 in a business.
- (J4) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 4 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K4) Holding Company, Corporation 4, and the shareholders of Corporation 4 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L4) There is no intercorporate indebtedness existing between Holding Company and Corporation 4 that was issued, acquired, or will be settled at a discount.
- (M4) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N4) The fair market value of the assets of Corporation 4 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O4) The total adjusted basis of the assets of Corporation 4 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to

which the transferred assets are subject.

- (P4) Corporation 4 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 5 (the Corporation 5 Proposed Transaction):

- (A5) The fair market value of the Holding Company stock received by each Corporation 5 shareholder will be approximately equal to the fair market value of the Corporation 5 stock deemed surrendered in the exchange.
- (B5) There is no plan or intention by the shareholders of Corporation 5 who own one percent or more of the Corporation 5 stock, and to the best of the knowledge of the management of Corporation 5, there is no plan or intention on the part of the remaining shareholders of Corporation 5 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 5 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 5 as of the same date. For purposes of this representation, shares of Corporation 5 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 5 stock on the date of the transaction. Moreover, shares of Corporation 5 stock and shares of Holding Company stock held by Corporation 5 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C5) Holding Company 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 Corporation 5 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 5 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 5 immediately preceding the transfer will be included as assets of Corporation 5 held immediately prior to the transaction.
- (D5) After the transaction, the shareholders of Corporation 5 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.

- (E5) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F5) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 5 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G5) The liabilities of Corporation 5 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 5 in the ordinary course of its business and are associated with the assets transferred.
- (H5) Following the transaction, Holding Company will continue the historic business of Corporation 5 or use a significant portion of the historic business assets of Corporation 5 in a business.
- (J5) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 5 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K5) Holding Company, Corporation 5, and the shareholders of Corporation 5 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L5) There is no intercorporate indebtedness existing between Holding Company and Corporation 5 that was issued, acquired, or will be settled at a discount.
- (M5) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N5) The fair market value of the assets of Corporation 5 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O5) The total adjusted basis of the assets of Corporation 5 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.

- (P5) Corporation 5 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 6 (the Corporation 6 Proposed Transaction):

- (A6) The fair market value of the Holding Company stock received by each Corporation 6 shareholder will be approximately equal to the fair market value of the Corporation 6 stock deemed surrendered in the exchange.
- (B6) There is no plan or intention by the shareholders of Corporation 6 who own one percent or more of the Corporation 6 stock, and to the best of the knowledge of the management of Corporation 6, there is no plan or intention on the part of the remaining shareholders of Corporation 6 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 6 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 6 as of the same date. For purposes of this representation, shares of Corporation 6 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 6 stock on the date of the transaction. Moreover, shares of Corporation 6 stock and shares of Holding Company stock held by Corporation 6 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C6) Holding Company 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 Corporation 6 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 6 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 6 immediately preceding the transfer will be included as assets of Corporation 6 held immediately prior to the transaction.
- (D6) After the transaction, the shareholders of Corporation 6 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E6) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.

- (F6) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 6 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G6) The liabilities of Corporation 6 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 6 in the ordinary course of its business and are associated with the assets transferred.
- (H6) Following the transaction, Holding Company will continue the historic business of Corporation 6 or use a significant portion of the historic business assets of Corporation 6 in a business.
- (J6) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 6 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K6) Holding Company, Corporation 6, and the shareholders of Corporation 6 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L6) There is no intercorporate indebtedness existing between Holding Company and Corporation 6 that was issued, acquired, or will be settled at a discount.
- (M6) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N6) The fair market value of the assets of Corporation 6 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O6) The total adjusted basis of the assets of Corporation 6 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P6) Corporation 6 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 7 (the Corporation 7 Proposed Transaction):

- (A7) The fair market value of the Holding Company stock received by each Corporation 7 shareholder will be approximately equal to the fair market value of the Corporation 7 stock deemed surrendered in the exchange.
- (B7) There is no plan or intention by the shareholders of Corporation 7 who own one percent or more of the Corporation 7 stock, and to the best of the knowledge of the management of Corporation 7, there is no plan or intention on the part of the remaining shareholders of Corporation 7 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 7 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 7 as of the same date. For purposes of this representation, shares of Corporation 7 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 7 stock on the date of the transaction. Moreover, shares of Corporation 7 stock and shares of Holding Company stock held by Corporation 7 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C7) Holding Company 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 Corporation 7 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 7 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 7 immediately preceding the transfer will be included as assets of Corporation 7 held immediately prior to the transaction.
- (D7) After the transaction, the shareholders of Corporation 7 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E7) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F7) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 7 acquired in the transaction, except for dispositions made in the ordinary course of business.

- (G7) The liabilities of Corporation 7 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 7 in the ordinary course of its business and are associated with the assets transferred.
- (H7) Following the transaction, Holding Company will continue the historic business of Corporation 7 or use a significant portion of the historic business assets of Corporation 7 in a business.
- (J7) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 7 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K7) Holding Company, Corporation 7, and the shareholders of Corporation 7 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L7) There is no intercorporate indebtedness existing between Holding Company and Corporation 7 that was issued, acquired, or will be settled at a discount.
- (M7) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N7) The fair market value of the assets of Corporation 7 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O7) The total adjusted basis of the assets of Corporation 7 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P7) Corporation 7 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 8 (the Corporation 8 Proposed Transaction):

- (A8) The fair market value of the Holding Company stock received by each Corporation 8 shareholder will be approximately equal to the fair market value of the Corporation 8 stock deemed surrendered in the exchange.
- (B8) There is no plan or intention by the shareholders of Corporation 8 who own one percent or more of the Corporation 8 stock, and to the best of the knowledge of the management of Corporation 8, there is no plan or intention on the part of the remaining shareholders of Corporation 8 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 8 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 8 as of the same date. For purposes of this representation, shares of Corporation 8 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 8 stock on the date of the transaction. Moreover, shares of Corporation 8 stock and shares of Holding Company stock held by Corporation 8 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C8) Holding Company 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 Corporation 8 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 8 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 8 immediately preceding the transfer will be included as assets of Corporation 8 held immediately prior to the transaction.
- (D8) After the transaction, the shareholders of Corporation 8 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E8) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F8) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 8 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G8) The liabilities of Corporation 8 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 8 in the ordinary course of its business and are associated

with the assets transferred.

- (H8) Following the transaction, Holding Company will continue the historic business of Corporation 8 or use a significant portion of the historic business assets of Corporation 8 in a business.
- (J8) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 8 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K8) Holding Company, Corporation 8, and the shareholders of Corporation 8 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L8) There is no intercorporate indebtedness existing between Holding Company and Corporation 8 that was issued, acquired, or will be settled at a discount.
- (M8) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N8) The fair market value of the assets of Corporation 8 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O8) The total adjusted basis of the assets of Corporation 8 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P8) Corporation 8 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 9 (the Corporation 9 Proposed Transaction):

- (A9) The fair market value of the Holding Company stock received by each Corporation 9 shareholder will be approximately equal to the fair market value of the Corporation 9 stock deemed surrendered in the exchange.

- (B9) There is no plan or intention by the shareholders of Corporation 9 who own one percent or more of the Corporation 9 stock, and to the best of the knowledge of the management of Corporation 9, there is no plan or intention on the part of the remaining shareholders of Corporation 9 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 9 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 9 as of the same date. For purposes of this representation, shares of Corporation 9 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 9 stock on the date of the transaction. Moreover, shares of Corporation 9 stock and shares of Holding Company stock held by Corporation 9 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.
- (C9) Holding Company 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 Corporation 9 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 9 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 9 immediately preceding the transfer will be included as assets of Corporation 9 held immediately prior to the transaction.
- (D9) After the transaction, the shareholders of Corporation 9 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E9) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F9) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 9 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G9) The liabilities of Corporation 9 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 9 in the ordinary course of its business and are associated with the assets transferred.
- (H9) Following the transaction, Holding Company will continue the historic business of Corporation 9 or use a significant portion of the historic

business assets of Corporation 9 in a business.

- (J9) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 9 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.
- (K9) Holding Company, Corporation 9, and the shareholders of Corporation 9 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L9) There is no intercorporate indebtedness existing between Holding Company and Corporation 9 that was issued, acquired, or will be settled at a discount.
- (M9) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N9) The fair market value of the assets of Corporation 9 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O9) The total adjusted basis of the assets of Corporation 9 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P9) Corporation 9 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 10 (the Corporation 10 Proposed Transaction):

- (A10) The fair market value of the Holding Company stock received by each Corporation 10 shareholder will be approximately equal to the fair market value of the Corporation 10 stock deemed surrendered in the exchange.
- (B10) There is no plan or intention by the shareholders of Corporation 10 who own one percent or more of the Corporation 10 stock, and to the best of the knowledge of the management of Corporation 10, there is no plan or

intention on the part of the remaining shareholders of Corporation 10 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the Corporation 10 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 10 as of the same date. For purposes of this representation, shares of Corporation 10 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 10 stock on the date of the transaction. Moreover, shares of Corporation 10 stock and shares of Holding Company stock held by Corporation 10 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.

- (C10) Holding Company 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 Corporation 10 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 10 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 10 immediately preceding the transfer will be included as assets of Corporation 10 held immediately prior to the transaction.
- (D10) After the transaction, the shareholders of Corporation 10 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E10) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F10) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 10 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G10) The liabilities of Corporation 10 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 10 in the ordinary course of its business and are associated with the assets transferred.
- (H10) Following the transaction, Holding Company will continue the historic business of Corporation 10 or use a significant portion of the historic business assets of Corporation 10 in a business.
- (J10) At the time of the transaction, Holding Company will not have outstanding

any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 10 Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.

- (K10) Holding Company, Corporation 10, and the shareholders of Corporation 10 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L10) There is no intercorporate indebtedness existing between Holding Company and Corporation 10 that was issued, acquired, or will be settled at a discount.
- (M10) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N10) The fair market value of the assets of Corporation 10 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O10) The total adjusted basis of the assets of Corporation 10 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P10) Corporation 10 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

The parties have submitted the following representations with respect to the portion of the proposed transaction involving Corporation 11 (the Corporation 11 Proposed Transaction):

- (A11) The fair market value of the Holding Company stock received by each Corporation 11 shareholder will be approximately equal to the fair market value of the Corporation 11 stock deemed surrendered in the exchange.
- (B11) There is no plan or intention by the shareholders of Corporation 11 who own one percent or more of the Corporation 11 stock, and to the best of the knowledge of the management of Corporation 11, there is no plan or intention on the part of the remaining shareholders of Corporation 11 to sell, exchange, or otherwise dispose of a number of shares of Holding Company stock received in the transaction that would reduce the

Corporation 11 shareholders' ownership of Holding Company stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Corporation 11 as of the same date. For purposes of this representation, shares of Corporation 11 stock exchanged for cash or other property, or exchanged for cash in lieu of fractional shares of Holding Company stock will be treated as outstanding Corporation 11 stock on the date of the transaction. Moreover, shares of Corporation 11 stock and shares of Holding Company stock held by Corporation 11 shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.

- (C11) Holding Company 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 Corporation 11 immediately prior to the transaction. For purposes of this representation, amounts used by Corporation 11 to pay its reorganization expenses, all redemptions, and any distributions (except for regular normal dividends) made by Corporation 11 immediately preceding the transfer will be included as assets of Corporation 11 held immediately prior to the transaction.
- (D11) After the transaction, the shareholders of Corporation 11 will be in control of Holding Company within the meaning of § 368(a)(2)(H) of the Code.
- (E11) Holding Company has no plan or intention to reacquire any of its stock issued in the transaction.
- (F11) Holding Company has no plan or intention to sell or otherwise dispose of any of the assets of Corporation 11 acquired in the transaction, except for dispositions made in the ordinary course of business.
- (G11) The liabilities of Corporation 11 transferred to Holding Company, plus the liabilities, if any, to which the transferred assets are subject were incurred by Corporation 11 in the ordinary course of its business and are associated with the assets transferred.
- (H11) Following the transaction, Holding Company will continue the historic business of Corporation 11 or use a significant portion of the historic business assets of Corporation 11 in a business.
- (J11) At the time of the transaction, Holding Company will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Holding Company that, if exercised or converted, would affect the Corporation 11

Shareholders' acquisition or retention of control of Holding Company, as defined in § 368(a)(2)(H) of the Code.

- (K11) Holding Company, Corporation 11, and the shareholders of Corporation 11 will pay their respective expenses, if any, incurred in connection with the transaction.
- (L11) There is no intercorporate indebtedness existing between Holding Company and Corporation 11 that was issued, acquired, or will be settled at a discount.
- (M11) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv) of the Code.
- (N11) The fair market value of the assets of Corporation 11 transferred to Holding Company will equal or exceed the sum of the liabilities transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (O11) The total adjusted basis of the assets of Corporation 11 transferred to Holding Company will equal or exceed the sum of the liabilities to be transferred to Holding Company, plus the amount of liabilities, if any, to which the transferred assets are subject.
- (P11) Corporation 11 is not under the jurisdiction of a court in a title 11 or similar case within the meaning of § 368(a)(3)(A) of the Code.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 1 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 1 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 1, followed by the liquidation of Corporation 1.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 1. Holding Company and Corporation 1 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.

- (3) No gain or loss will be recognized to Corporation 1 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 1 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 1 shareholders by reason of the exchange of their shares of Corporation 1 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 1 upon the distribution of Holding Company voting stock to the Corporation 1 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 1 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 1 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 1 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 1 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 1 shareholders will be the same, in each instance, as their basis in the Corporation 1 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 1 shareholders will include the holding period of the Corporation 1 stock surrendered in exchange therefor, provided that such Corporation 1 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 1 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the

Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 1 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.

- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 1 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 1 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 1 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 1.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 2 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 2 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 2, followed by the liquidation of Corporation 2.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 2. Holding Company and Corporation 2 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 2 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).

- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 2 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 2 shareholders by reason of the exchange of their shares of Corporation 2 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 2 upon the distribution of Holding Company voting stock to the Corporation 2 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 2 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 2 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 2 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 2 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 2 shareholders will be the same, in each instance, as their basis in the Corporation 2 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 2 shareholders will include the holding period of the Corporation 2 stock surrendered in exchange therefor, provided that such Corporation 2 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 2 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 2 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and

the Regulations thereunder.

- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 2 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 2 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 2 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 2.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 3 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 3 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 3, followed by the liquidation of Corporation 3.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 3. Holding Company and Corporation 3 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 3 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 3 in exchange for Holding Company voting stock (§ 1032(a) of the Code).

- (5) No gain or loss will be recognized to the Corporation 3 shareholders by reason of the exchange of their shares of Corporation 3 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 3 upon the distribution of Holding Company voting stock to the Corporation 3 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 3 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 3 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 3 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 3 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 3 shareholders will be the same, in each instance, as their basis in the Corporation 3 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 3 shareholders will include the holding period of the Corporation 3 stock surrendered in exchange therefor, provided that such Corporation 3 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 3 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 3 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits,

of Corporation 3 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 3 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).

- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 3 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 3.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 4 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 4 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 4, followed by the liquidation of Corporation 4.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 4. Holding Company and Corporation 4 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 4 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 4 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 4 shareholders by reason of the exchange of their shares of Corporation 4 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).

- (6) No gain or loss will be recognized to Corporation 4 upon the distribution of Holding Company voting stock to the Corporation 4 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 4 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 4 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 4 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 4 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 4 shareholders will be the same, in each instance, as their basis in the Corporation 4 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 4 shareholders will include the holding period of the Corporation 4 stock surrendered in exchange therefor, provided that such Corporation 4 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 4 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 4 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 4 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 4 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).

- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 4 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 4.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 5 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 5 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 5, followed by the liquidation of Corporation 5.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 5. Holding Company and Corporation 5 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 5 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 5 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 5 shareholders by reason of the exchange of their shares of Corporation 5 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 5 upon the distribution of Holding Company voting stock to the Corporation 5 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 5 assets in the hands of Holding

Company will be the same as the basis of those assets in the hands of Corporation 5 immediately prior to the transfer (§ 362(b) of the Code).

- (8) The holding period of the Corporation 5 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 5 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 5 shareholders will be the same, in each instance, as their basis in the Corporation 5 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 5 shareholders will include the holding period of the Corporation 5 stock surrendered in exchange therefor, provided that such Corporation 5 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 5 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 5 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 5 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 5 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 5 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such

provisions in Corporation 5.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 6 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 6 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 6, followed by the liquidation of Corporation 6.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 6. Holding Company and Corporation 6 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 6 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 6 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 6 shareholders by reason of the exchange of their shares of Corporation 6 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 6 upon the distribution of Holding Company voting stock to the Corporation 6 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 6 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 6 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 6 assets in the hands of

Holding Company will include the period during which such assets were held by Corporation 6 (§ 1223(2) of the Code).

- (9) The basis of the shares of Holding Company voting stock received by the Corporation 6 shareholders will be the same, in each instance, as their basis in the Corporation 6 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 6 shareholders will include the holding period of the Corporation 6 stock surrendered in exchange therefor, provided that such Corporation 6 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 6 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 6 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 6 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 6 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 6 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 6.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 7 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 7 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 7, followed by the liquidation of Corporation 7.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 7. Holding Company and Corporation 7 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 7 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 7 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 7 shareholders by reason of the exchange of their shares of Corporation 7 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 7 upon the distribution of Holding Company voting stock to the Corporation 7 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 7 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 7 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 7 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 7 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 7 shareholders will be the same, in each

instance, as their basis in the Corporation 7 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).

- (10) The holding period of the Holding Company voting stock received by the Corporation 7 shareholders will include the holding period of the Corporation 7 stock surrendered in exchange therefor, provided that such Corporation 7 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 7 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 7 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 7 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 7 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 7 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 7.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 8 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 8 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 8, followed by the liquidation of Corporation 8.

- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 8. Holding Company and Corporation 8 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 8 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 8 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 8 shareholders by reason of the exchange of their shares of Corporation 8 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 8 upon the distribution of Holding Company voting stock to the Corporation 8 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 8 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 8 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 8 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 8 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 8 shareholders will be the same, in each instance, as their basis in the Corporation 8 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 8 shareholders will include the holding period of the

Corporation 8 stock surrendered in exchange therefor, provided that such Corporation 8 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).

- (11) The taxable year of Corporation 8 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 8 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.
- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 8 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 8 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 8 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 8.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 9 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 9 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 9, followed by the liquidation of Corporation 9.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 9. Holding Company and Corporation 9 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.

- (3) No gain or loss will be recognized to Corporation 9 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 9 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 9 shareholders by reason of the exchange of their shares of Corporation 9 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 9 upon the distribution of Holding Company voting stock to the Corporation 9 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 9 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 9 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 9 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 9 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 9 shareholders will be the same, in each instance, as their basis in the Corporation 9 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 9 shareholders will include the holding period of the Corporation 9 stock surrendered in exchange therefor, provided that such Corporation 9 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 9 will end at the close of the day

before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 9 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.

- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 9 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 9 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 9 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 9.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 10 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 10 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 10, followed by the liquidation of Corporation 10.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 10. Holding Company and Corporation 10 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.

- (3) No gain or loss will be recognized to Corporation 10 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).
- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 10 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 10 shareholders by reason of the exchange of their shares of Corporation 10 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 10 upon the distribution of Holding Company voting stock to the Corporation 10 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 10 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 10 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 10 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 10 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 10 shareholders will be the same, in each instance, as their basis in the Corporation 10 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 10 shareholders will include the holding period of the Corporation 10 stock surrendered in exchange therefor, provided that such Corporation 10 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 10 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the

Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 10 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and the Regulations thereunder.

- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 10 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 10 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 10 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 10.

Based solely on the information submitted and on the representations set forth above, we hold as follows with respect to the Corporation 11 Proposed Transaction:

- (1) For federal income tax purposes, the Contribution and Liquidation will be treated as the transfer by Corporation 11 of substantially all of its assets to Holding Company in exchange for Holding Company stock and the transfer to Holding Company of all of the liabilities of Corporation 11, followed by the liquidation of Corporation 11.
- (2) The Contribution and Liquidation will constitute a reorganization within the meaning of § 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means 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 of Corporation 11. Holding Company and Corporation 11 will each be "a party to a reorganization" within the meaning of § 368(b) of the Code.
- (3) No gain or loss will be recognized to Corporation 11 on the transfer of substantially all of its assets to Holding Company in exchange for Holding Company voting stock (§§ 361(a) and 357(a) of the Code).

- (4) No gain or loss will be recognized to Holding Company upon the receipt of substantially all of the assets of Corporation 11 in exchange for Holding Company voting stock (§ 1032(a) of the Code).
- (5) No gain or loss will be recognized to the Corporation 11 shareholders by reason of the exchange of their shares of Corporation 11 stock solely for shares of Holding Company voting stock (§ 354(a)(1) of the Code).
- (6) No gain or loss will be recognized to Corporation 11 upon the distribution of Holding Company voting stock to the Corporation 11 shareholders (§ 361(c)(1) of the Code).
- (7) The basis of the Corporation 11 assets in the hands of Holding Company will be the same as the basis of those assets in the hands of Corporation 11 immediately prior to the transfer (§ 362(b) of the Code).
- (8) The holding period of the Corporation 11 assets in the hands of Holding Company will include the period during which such assets were held by Corporation 11 (§ 1223(2) of the Code).
- (9) The basis of the shares of Holding Company voting stock received by the Corporation 11 shareholders will be the same, in each instance, as their basis in the Corporation 11 stock surrendered in exchange therefor (§ 358(a)(1) of the Code).
- (10) The holding period of the Holding Company voting stock received by the Corporation 11 shareholders will include the holding period of the Corporation 11 stock surrendered in exchange therefor, provided that such Corporation 11 stock is held as a capital asset on the date of the exchange (§ 1223(1) of the Code).
- (11) The taxable year of Corporation 11 will end at the close of the day before the Qsub election becomes effective on the date of the transfer of its assets to Holding Company (§ 381(b) of the Code and § 1.381(b)-1(a) and § 1.1361-4(b) of the Regulations). Pursuant to § 381(a) of the Code and § 1.381(a)-1 of the Regulations, Holding Company will succeed to and take into account, as of the date of the proposed transfer, as defined in § 1.381(b)-1(b) of the Regulations, the items of Corporation 11 described in § 381(c) of the Code, subject to the conditions and limitations specified in §§ 381, 382, 383, and 384 of the Code and

the Regulations thereunder.

- (12) As provided by § 381(c)(2) of the Code and § 1.381(c)(2)-1 of the Regulations, Holding Company will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Corporation 11 as of the date of transfer. Any deficit in the earnings or profits of either Corporation 11 or Holding Company will be used only to offset the earnings and profits accumulated after the date of transfer (§ 381(c)(2)(B) of the Code).
- (13) Section 1374(d)(8) will not subject the assets that are transferred from Corporation 11 to Holding Company to the built-in gain provisions of § 1374, but, to the extent that assets are presently subject to the built-in gain provisions of § 1374, they will continue to be subject to the built-in gain provisions of § 1374 on the same basis as they were subject to such provisions in Corporation 11.

Based solely on the information submitted and on the representations set forth above, we further hold as follows with respect to the Proposed Transaction:

- (1) Holding Company will succeed to the Accumulated Adjustment Accounts (AAA) of Corporation 1 through Corporation 11 and the AAA of Holding Company will equal the sum of the AAAs of Corporation 1 through Corporation 11 and Holding Company.
- (2) None of Corporation 1 through Corporation 11 will be treated as a subchapter C corporation for any period solely because of the transfer of their respective stock to Holding Company.

Furthermore, based solely on the information submitted and on the representations set forth above, and provided that § 381(a) applies to the transaction described in this ruling request, and that § 447 (regarding method of accounting for corporations engaged in farming) does not apply to Holding Company, we hold as follows with respect to the Proposed Transaction:

- (3) The inventories of Corporation 1 through Corporation 11 deemed transferred to Holding Company will be taken into account by Holding Company on the same basis and methods on which such inventories were taken into account by the Corporations. Holding Company will not be required to treat the inventory received as separate from otherwise identical inventory subsequently acquired or produced. Holding Company will not be required to renew any election previously made by it or by the Corporations with respect to such method of taking inventories, and Holding Company is bound by any such elections.

- (4) Section 1363(d) will not require Corporation 1 through Corporation 11, respectively, to include in their gross income any LIFO recapture amount for the inventory deemed transferred to Holding Company.
- (5) Subsequent to the transaction, Holding Company shall be allowed to continue to use the cash method of accounting for federal income tax reporting for the integrated Business Y operations of Corporation 1 through Corporation 11.

Rulings 3, 4, and 5, immediately above, are limited to the issues raised under subsections (4) and (5) of § 381(c) regarding the treatment of the method of accounting and inventories in certain corporate acquisitions, and section 1363(d) regarding recapture of LIFO benefits. We specifically express no opinion regarding the propriety of the use of the cash method by Holding Company in conjunction with the LIFO inventory method.

We express no opinion about the tax treatment of the transaction under other provisions of the Code or the Regulations or about 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.

This ruling letter has no effect on any earlier documents and is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Each affected taxpayer must attach a copy of this letter to the taxpayer's federal income tax return for the taxable year in which the transaction covered by this letter ruling is consummated.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to the taxpayer.

Sincerely yours,

Associate Chief Counsel (Corporate)

By: _____
Mark S. Jennings
Chief, Branch 1

cc:

