Internal Revenue Service

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Date:
December 1, 2005

Legend

Corp A =

Corp B =

New Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

LLC =

Corporation 1 =

Corporation 2 =

Membership =

Business A =

Business B =

Date A =

Date B =

Date C =

Date D =

a =

b =

c =

d =

e =

f =

g =

h =

Dear :

We respond to your August 17, 2005 letter requesting rulings concerning the federal income tax consequences of a series of proposed transactions. The information submitted in that request and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayers and accompanied by penalties of perjury statements executed by the appropriate parties. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

Summary of Facts

Corp A is a nonstock not-for-profit corporation that files a consolidated federal income tax return as a Subchapter C corporation. Corp A derives its revenues primarily from Business A.

As a nonstock corporation, Corp A does not have authorized capital stock; rather, participation in Corp A is obtained through Memberships. Each Membership entitles its

holder to access certain facilities of Corp A, to elect directors and to vote on any other matter at any meeting of Corp A members, and to share equally with other then existing members in any liquidating distribution in the event of any voluntary or involuntary liquidation, dissolution, or winding up of Corp A's affairs.

Corp A wholly owns Sub 1 and owns a% of Sub 5. Sub1 wholly owns Sub 3 and Sub 4. Sub 5 wholly owns Sub 6. Corp A also owns b% of the common stock of New Parent. The remaining New Parent common stock is owned by Corp B. New Parent wholly owns LLC and Sub 2. New Parent, LLC, Sub 1, Sub 2, Sub 3, and Sub 4 were recently formed in order to effectuate certain steps of the proposed transactions.

Corp B is a publicly traded corporation that engages in Business B through its subsidiaries. Corp B has c shares of Corp B common stock outstanding. Corp B wholly owns Corporation 1 and indirectly wholly owns Corporation 2.

All of the entities described above are domestic corporations or domestic limited liability companies.

Corp A, Corp B, New Parent, LLC, Sub 1, and Sub 2 are parties to an agreement and plan of merger dated as of Date A, amended and restated as of Date B, and further amended as of Date C and Date D (collectively, the "Agreement"). The Agreement provides for certain transactions that are intended to culminate in the combination of Corp A and Corp B.

Proposed Transaction

To effectuate the combination, the following steps (collectively, the "Proposed Transaction") will occur in the order listed:

(i) Corp A and Corp B are permitted to pay a cash dividend (the "Dividend") to its members or shareholders, as applicable, to the extent the "net cash" (as determined under the Agreement) of either party as of a particular measurement date specified in the Agreement exceeds certain thresholds. The Dividend is designed so that Corp A and Corp B contribute relative net cash to New Parent in the ratio of d to e. If the Dividend is paid, it will be paid either by Corp A pro rata to its members or by Corp B pro rata to its shareholders, but not by both. If Corp A pays the Dividend, it will be declared and paid prior to the Reincorporation Merger and the LLC Merger described in steps (ii) and (iii) below. If Corp B pays the Dividend, it will be declared and paid prior to the Corp B Merger described in step (iv) below. In either case, the sole source of the Dividend will be the paying corporation's own assets, and the paying corporation will not be reimbursed, directly or indirectly, by any party for any portion of the Dividend. The payment, if any, of the Dividend either by Corp A or Corp B will not affect the amount or type of consideration received by Corp A members or by Corp B shareholders in any of the remaining steps described below.

(ii) Corp A will merge into Sub 1 (the "Reincorporation Merger"). Prior to the Reincorporation Merger, Corp A may transfer certain assets to one or more limited liability companies that are disregarded as entities separate from Corp A for federal income tax purposes. The consideration received by each Corp A member pursuant to the Reincorporation Merger will depend on whether the member makes an election to increase the portion of the merger consideration consisting of Sub 1 preferred stock and to decrease the portion of the merger consideration consisting of Sub 1 common stock (a "Cash Election"), an election to increase the portion of the merger consideration consisting of Sub 1 common stock and to decrease the portion of the merger consideration consisting of Sub 1 preferred stock (a "Stock Election"), or no election. The Cash Election and the Stock Election are subject to proration to ensure that the total number of shares of Sub 1 common stock and Sub 1 preferred stock issued to the Corp A members, as a whole, are equal to the total number of shares of Sub 1 common stock and Sub 1 preferred stock that would have been issued in the Reincorporation Merger had no Corp A member made either of these elections. If no Cash Election or Stock Election is made with respect to a Membership, such Membership will be converted into a number of shares of Sub 1 common stock equal to the exchange ratio specified in the Agreement and one share of Sub 1 preferred stock. All shares of Sub 1 preferred stock will be redeemed pursuant to their terms for $f per share immediately following their issuance.

(iii) Sub 1 will merge into LLC (the "LLC Merger"). In the LLC Merger, each share of Sub 1 common stock will be converted into one share of New Parent common stock. The Reincorporation Merger and the LLC Merger, collectively, are referred to hereinafter as the "Corp A Mergers." No fractional shares of New Parent common stock will be issued. Instead, the exchange agent will, as soon as practicable after the Corp A Mergers, aggregate into whole shares the fractional shares of New Parent common stock that otherwise would have been issued, and sell those shares for cash. A person that otherwise would be entitled to a fractional share of New Parent common stock will receive cash representing such person's proportionate interest in the net proceeds from this sale.

(iv) Concurrently with the LLC Merger, Sub 2 will merge into Corp B (the "Corp B Merger"). In the Corp B Merger, each share of Corp B common stock will be converted into one share of New Parent common stock. Immediately after the LLC Merger and the Corp B Merger, the aggregate number of shares of New Parent common stock held by the former members of Corp A (together with shares reserved for issuance to Corp A employees) and to Corp B shareholders (including the shares underlying Corp B stock options and restricted stock units) will equal d% and e%, respectively, of the New Parent common stock issued and outstanding on a diluted basis.

(v) Following the above-described transactions, the current businesses and assets of Corp A may be restructured so that these businesses and assets will be held in three separate entities: (i) LLC will be the entity registered as a g and is not expected to hold any assets other than the stock of Sub 3 and membership interests of Sub 4, (ii)

LLC may transfer to Sub 3 all of the assets and liabilities of LLC, other than the registration as a g (which will be held by LLC) and other than the assets and liabilities relating to the h functions of Corp A, and (iii) LLC may delegate to Sub 4, and Sub 4 may assume the responsibility of carrying out, the h functions currently conducted by Corp A pursuant to a delegation agreement, and Sub 4 may assume many of the h functions of Corporation 2 pursuant to a h services agreement. LLC may also distribute its interest in Sub 5 to New Parent in a transaction that is intended to be disregarded for federal income tax purposes.

Representations

The Reincorporation Merger

The following representations have been made regarding the Reincorporation Merger:

(a) The fair market value of the Sub 1 stock received by each Corp A member in the Reincorporation Merger will be approximately equal to the fair market value of the Membership surrendered in exchange therefor.

(b) Immediately following consummation of the transaction, Corp A members will own all outstanding shares of Sub 1 stock and will own such stock solely by reason of their ownership of Memberships immediately prior to the Reincorporation Merger.

(c) Sub 1 has no plan or intention to issue additional shares of its stock following the transaction.

(d) At the time of the transaction, Corp A will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire Memberships.

(e) Except for shares of Sub 1 preferred stock that will be redeemed for a fixed amount of cash per share immediately following their issuance, Sub 1 has no plan or intention to reacquire any of its stock issued in the transaction.

(f) The fair market value of the Sub 1 preferred stock, if any, received by a Corp A member in the Reincorporation Merger will be approximately equal to the fair market value of the Membership (or portion thereof) surrendered in exchange therefor. The amount of cash received by a Corp A member in exchange for shares of Sub 1 preferred stock will be approximately equal to the fair market value of the Sub 1 preferred stock redeemed.

(g) The liabilities of Corp A assumed by Sub 1 plus the liabilities, if any, to which the transferred assets are subject were incurred by Corp A in the ordinary course of its business and are associated with the assets transferred.

(h) Corp A members will pay their respective expenses, if any, incurred in connection with the transaction, except that Sub 1 will pay any and all property or transfer taxes imposed in connection with the Reincorporation Merger.

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

(j) None of the compensation received by any Corp A member who is also an employee of Corp A (a "member-employee") will be separate consideration for, or allocable to, any of their Memberships; none of the shares of Sub 1 stock received by any member-employee will be separate consideration for, or allocable to, any employment agreement; and the compensation paid to any member-employee will be for services actually rendered and will be commensurate with amounts paid to third parties bargaining at arm's length for similar services.

The LLC Merger

The following representations have been made regarding the LLC Merger. For purposes of these representations, "New Parent Unit" shall mean New Parent and all disregarded entities the assets of which are treated as owned by New Parent for federal income tax purposes, and "Sub 1 Unit" shall mean Sub 1 and all disregarded entities the assets of which are treated as owned by Sub 1 for federal income tax purposes.

(k) The fair market value of New Parent stock received by each Sub 1 shareholder in the LLC Merger will be approximately equal to the fair market value of Sub 1 stock surrendered in exchange therefor.

(l) At least 40 percent of the proprietary interest in Sub 1 will be exchanged for stock of New Parent and will be preserved (within the meaning of Treasury Regulation § 1.368-1(e)).

(m) Neither New Parent Unit nor any person related to New Parent Unit (within the meaning of Treasury Regulation § 1.368-1(e)(3)) has any plan or intention to reacquire any New Parent stock issued in the transaction in exchange for any consideration other than New Parent stock.

(n) New Parent Unit has no plan or intention to sell or otherwise dispose of any of the assets of Sub 1 acquired in the transaction, except for dispositions made in the ordinary course of business, transfers to Sub 3 or Sub 4, or any other transfers described in § 368(a)(2)(C) or Treasury Regulation § 1.368-2(k).

(o) The liabilities of Sub 1 Unit assumed by New Parent Unit and the liabilities, if any, to which the transferred assets are subject were incurred by Sub 1 Unit in the ordinary course of its business.

(p) Following the transaction, New Parent Unit will continue the historic business of Sub 1 Unit or use a significant portion of Sub 1 Unit's historic business assets in a business.

(q) New Parent Unit, Sub 1 Unit, and the shareholders of Sub 1 will pay their respective expenses, if any, incurred in connection with the transaction, except that (i) New Parent Unit will pay any and all property or transfer taxes imposed in connection with the LLC Merger and (ii) expenses incurred in connection with the filing, printing and mailing of the registration statement will be shared equally by Corp A and Corp B.

(r) There is no intercorporate indebtedness existing between Sub 1 Unit and New Parent Unit.

(s) No parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(t) No member of Sub 1 Unit is under the jurisdiction of a court in a Title 11 or similar case within the meaning of § 368(a)(3)(A).

(u) The fair market value of the assets of Sub 1 Unit to be transferred to New Parent Unit will equal or exceed the sum of the liabilities assumed by New Parent Unit, plus the amount of liabilities, if any, to which the transferred assets are subject.

(v) The total adjusted basis of the assets of Sub 1 Unit transferred to New Parent Unit will equal or exceed the sum of the liabilities assumed by New Parent Unit, plus the amount of liabilities, if any, to which the transferred assets are subject.

(w) None of the compensation received by any Sub 1 shareholder who is also an employee of Sub 1 Unit ("shareholder-employee") will be separate consideration for, or allocable to, any of their shares of Sub 1 stock; none of the shares of New Parent stock received by any shareholder-employee will be separate consideration for, or allocable to, any employment agreement; and the compensation paid to any shareholder-employee will be for services actually rendered and will be commensurate with amounts paid to third parties bargaining at arm's length for similar services.

(x) The merger will be effected pursuant to the laws of the United States or a state or the District of Columbia, in which, as a result of the operation of such laws, the following events will occur simultaneously at the effective time of the merger: (i) all of the assets (other than those distributed in the transaction) and liabilities (except to the extent satisfied or discharged in the transaction) of each member of Sub 1 Unit will become the assets and liabilities of one or more members of New Parent Unit; and (ii) Sub 1 will cease its separate legal existence for all purposes.

(y) Sub 1, New Parent, LLC and each business entity through which New Parent holds its interest in LLC is organized under the laws of the United States or a state or the District of Columbia. LLC is a domestic single member limited liability company that is a "disregarded entity" within the meaning of Treasury Regulation § 1.368-2T(b)(1)(i)(A).

(z) Any payment of cash in lieu of fractional shares of New Parent common stock is solely for the purpose of avoiding the expense and inconvenience to New Parent of issuing and maintaining fractional shares and will not represent separately bargained-for consideration. The total cash consideration that will be paid in the transaction to Sub 1 shareholders instead of issuing fractional shares of New Parent common stock will not exceed one percent of the total consideration that will be issued in the transaction to Sub 1 shareholders in exchange for their Sub 1 stock. The fractional share interests of each Sub 1 shareholder will be aggregated and, with the possible exception of Sub 1 shareholders holding their shares of Sub 1 stock through nominee or similar arrangements, no Sub 1 shareholder will receive cash in an amount equal to or greater than the value of one full share of New Parent common stock.

The LLC Merger and the Corp B Merger taken together

The following representations have been made regarding the LLC Merger and the Corp B Merger, taken together:

(aa) No stock or securities will be issued for services rendered to or for the benefit of New Parent Unit in connection with the mergers (other than in the case of a Corp B shareholder who is an employee of Corp B, who may, at or about the time the mergers are completed, be granted options to acquire New Parent stock in his or her capacity as an employee).

(bb) No stock or securities will be issued for indebtedness of New Parent Unit.

(cc) To the extent any patents or patent applications will be transferred by Sub 1 Unit, (i) such patents or patent applications will qualify as "property" within the meaning of § 351 and (ii) the transferor will transfer all substantial rights in such patents or patent applications within the meaning of § 1235.

(dd) To the extent any copyrights will be transferred by Sub 1 Unit, all rights, title and interests for each copyright, in each medium of exploitation, will be transferred to New Parent Unit.

(ee) To the extent any trademarks or trade names will be transferred by Sub 1 Unit, the transferor will not retain any significant power, right, or continuing interest, within the meaning of § 1253(b), in the trademarks or trade names being transferred.

(ff) The transfers are not the result of the solicitation by a promoter, broker or investment house, other than the registration statement filed with the Securities and Exchange Commission in which (i) the board of directors of Corp A unanimously recommended that the members of Corp A vote for the approval and adoption of the Agreement and (ii) the board of directors of Corp B unanimously recommended that the public shareholders of Corp B vote for the approval and adoption of the Agreement.

(gg) Sub 1 Unit and Corp B shareholders will not retain any rights in the property transferred to New Parent Unit.

(hh) New Parent Unit will not assume any liability of any holder of Corp B stock and will not acquire shares of Corp B stock subject to any liability.

(ii) The adjusted basis and the fair market value of the assets transferred by Sub 1 Unit to New Parent Unit will be equal to or exceed the sum of the liabilities to be assumed by New Parent Unit plus any liabilities to which the transferred assets are subject.

(jj) The total fair market value of the assets transferred to New Parent Unit by Sub 1 Unit in the LLC Merger will equal or exceed the aggregate adjusted basis of the transferred assets.

(kk) The liabilities of Sub 1 Unit to be assumed by New Parent Unit were incurred in the ordinary course of business and are associated with the assets to be transferred.

(ll) There is no indebtedness between Sub 1 Unit or the Corp B shareholders, on the one hand, and New Parent Unit, on the other hand, and there will be no indebtedness created in favor of Sub 1 Unit or the Corp B shareholders as a result of the transaction.

(mm) The transfers and exchanges will occur pursuant to the Agreement.

(nn) The exchanges will occur on approximately the same date.

(oo) There is no plan or intention on the part of New Parent to redeem or otherwise reacquire any stock to be issued in the Proposed Transaction.

(pp) Taking into account any issuance of additional shares of New Parent stock; any issuance of stock for services; the exercise of any New Parent stock rights, warrants, or subscriptions; a public offering of New Parent stock; and the sale, exchange, transfer by gift, or other disposition of any of the New Parent stock to be received in the exchange, Sub 1 and the Corp B shareholders will be in “control” of New Parent within the meaning of § 368(c) prior to the distribution of New Parent stock by Sub 1 to its shareholders in a transaction permitted by § 351(c)(1).

(qq) Sub 1 and the Corp B shareholders will each receive stock of New Parent approximately equal to the fair market value of the property transferred to New Parent.

(rr) New Parent will remain in existence and, except for possible transfers in the normal course of business, transfers to Sub 3 and Sub 4, or any other transfers described in § 368(a)(2)(C) or Treasury Regulation § 1.368-2(k), New Parent Unit will retain and use the property transferred to it in a trade or business.

(ss) There is no plan or intention by New Parent Unit to dispose of the transferred property other than in the normal course of business, in transfers to Sub 3 and Sub 4, or in any other transfers described in § 368(a)(2)(C) or Treasury Regulation § 1.368-2(k).

(tt) Each of the parties to the transaction will pay its or his/her own expenses, if any, incurred in connection with the transactions, except that (i) the surviving entity in each of the LLC Merger and the Corp B Merger will pay any and all property or transfer taxes imposed in connection with such merger, and (ii) expenses incurred in connection with the filing, printing and mailing of the registration statement will be shared equally by Corp A and Corp B.

(uu) New Parent will not be an investment company within the meaning of § 351(e)(1) and Treasury Regulation § 1.351-1(c)(1)(ii).

(vv) Sub 1 Unit is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)) and, to the knowledge of Corp B, no Corp B shareholder is under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the New Parent stock received in the exchange will not be used to satisfy the indebtedness of any such Corp B stockholder.

(ww) New Parent will not be a “personal service corporation” within the meaning of § 269A.

Rulings

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

(1) If the Dividend is paid either by Corp A to its members or by Corp B to its shareholders at the time and in the manner described in step (i) above, it will be treated as a distribution to which § 301(a) applies.

(2) Provided that the Reincorporation Merger and the LLC Merger each qualify as a statutory merger in accordance with applicable state law, the Reincorporation Merger and the LLC Merger will qualify as one or more reorganizations under § 368(a). The Dividend, if paid by Corp A in the manner described in step (i), will not impact the

tax treatment of the Reincorporation Merger or the LLC Merger as one or more reorganizations under § 368(a).

(3) No gain or loss will be recognized by any transferor or transferee entity when the historic assets and liabilities of Corp A become assets and liabilities of New Parent in the Proposed Transaction.

(4) The basis of each asset of Corp A in the hands of New Parent will be the same as the basis of that asset in the hands of Corp A.

(5) The holding period of each Corp A asset in the hands of New Parent will include the period during which Corp A held the asset (§ 1223(2)).

(6) Except as required by § 302 or § 356, no gain or loss will be recognized by (and no amount will be included in the income of) the Corp A members upon their receipt of New Parent common stock and cash, if any (excluding any cash received in the Dividend), in the Proposed Transaction.

(7) The receipt by the Corp A members of shares of Sub 1 preferred stock followed by the immediate exchange of the Sub 1 preferred stock for cash will be disregarded for federal tax purposes, and the Corp A members that receive cash for the Sub 1 preferred stock will be treated as receiving such cash immediately prior to or in the Corp A Mergers.

(8) The basis of the New Parent common stock received by each Corp A member in the Proposed Transaction will be the same as the basis of such Corp A member's Membership, appropriately adjusted for any cash received by such member in the Proposed Transaction (other than any cash received in the Dividend).

(9) The holding period of the New Parent common stock received by each Corp A member will include the holding period of the Membership surrendered by the member, provided the Membership was held as a capital asset on the date of the exchange (§ 1223(1)).

(10) The contribution by LLC (New Parent) to Sub 3 and Sub 4 of all or part of the assets or stock it acquires in the Proposed Transaction will not prevent the Corp A Mergers from qualifying as one or more reorganizations under §368(a) (§ 368(a)(2)(C)).

(11) If cash is received by a person as a result of the sale of a fractional share of New Parent common stock by the exchange agent on behalf of such person, the recipient will recognize gain or loss measured by the difference between the basis of the fractional share received, as determined above, and the amount of cash received (§ 1001). If the fractional share interest qualifies as a capital asset in the hands of the recipient, the gain or loss will be a capital gain or loss subject to the provisions of Subchapter P of Chapter 1 of the Code.

(12) The transfer of the assets of Corp A to New Parent Unit and the transfer of Corp B common stock by the Corp B shareholders to New Parent taken together will be considered an exchange for purposes of § 351(a) (see Rev. Rul. 76-123, 1976-1 C.B. 94). The fact that the Corp A members receive stock of New Parent as a result of the Proposed Transaction does not cause the transfer of assets to New Parent Unit to fail to qualify under § 351(a) (§ 351(c)). Moreover, the subsequent transfer by New Parent Unit of some of the transferred assets to Sub 3, Sub 4, or any other controlled corporation will not cause the transfer of assets to New Parent Unit to fail to qualify under § 351(a).

(13) No gain or loss will be recognized by New Parent upon the receipt of Corp B common stock from Corp B shareholders solely in exchange for New Parent stock (§ 1032(a)).

(14) The basis of the shares of Corp B common stock received by New Parent will be the same as the basis of such shares in the hands of the Corp B shareholders, provided that such basis shall not exceed the fair market value of the Corp B common stock received immediately after the transaction (§§ 362 and 362(e)).

(15) The holding period of the shares of Corp B common stock received by New Parent will include the period during which such shares were held by the Corp B shareholders (§ 1223(2)).

(16) No gain or loss will be recognized by the Corp B shareholders upon the receipt of New Parent common stock in exchange for stock of Corp B.

(17) The basis of the New Parent common stock received by the Corp B shareholders will be the same as the basis of the Corp B common stock exchanged therefor (§ 358(a)(1)).

(18) The holding period of the New Parent common stock received by the Corp B shareholders will include the period during which the Corp B common stock surrendered in exchange therefor was held, provided that the Corp B common stock surrendered was held as a capital asset by the shareholders of Corp B on the date of the exchange (§ 1223(1)).

Caveats

No opinion is expressed about the tax treatment of the Proposed Transaction under other provisions of the Code or regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transaction that are not specifically covered by the above rulings. In particular, no opinion is expressed as to whether a Corp A member that receives cash for the Sub 1 preferred stock will be treated as having received such cash pursuant to the Reincorporation Merger or directly

from New Parent Unit, and whether the receipt of such cash is governed by § 302 or § 356.

Procedural Statements

This letter is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Each taxpayer involved in the Proposed Transaction should attach a copy of this letter to its federal income tax return for the taxable year in which the Proposed Transaction is completed.

Under powers of attorney on file in this office, a copy of this letter is being sent to each of your authorized representatives.

Sincerely,

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

cc: