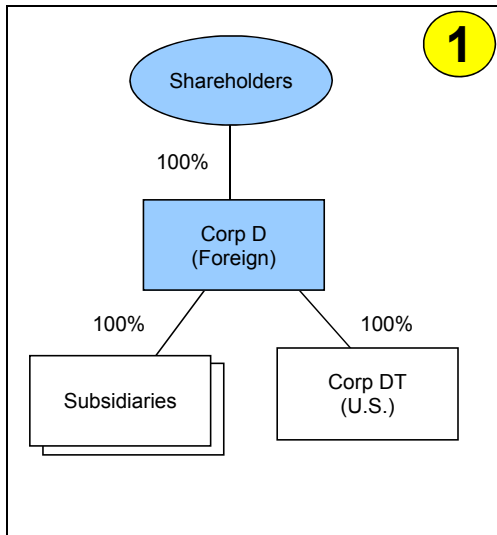
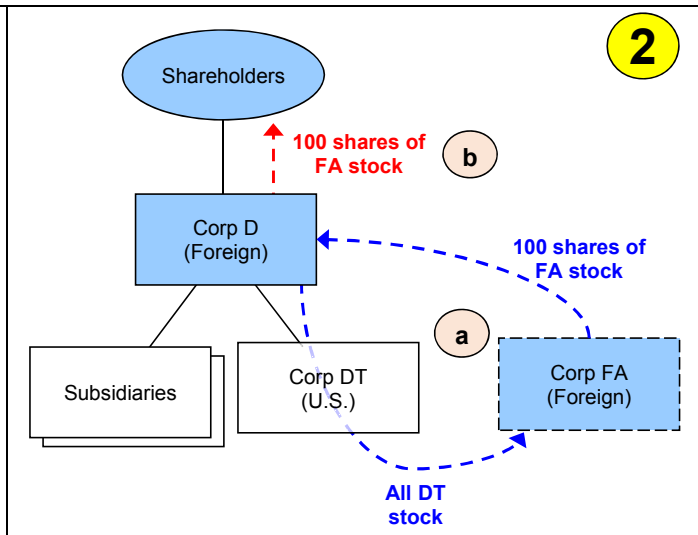


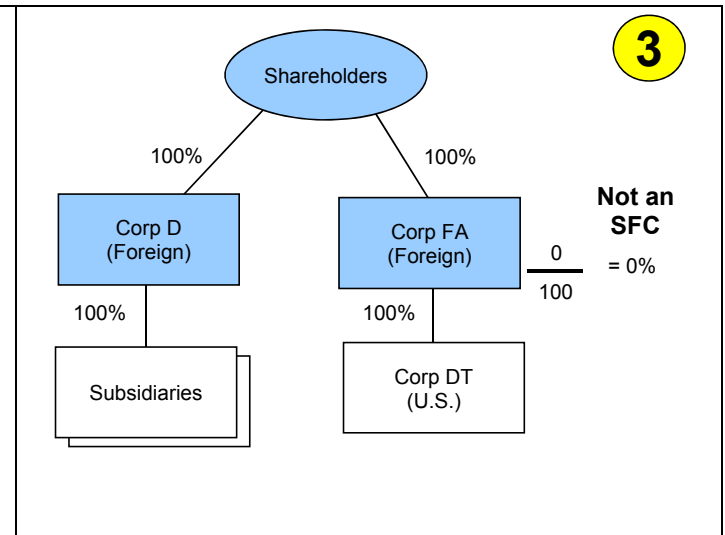
Initial Structure



Divisive D Reorganization (Spin-Off)



Ending Point



Corp D, a foreign corporation, owns all of the stock of Corp DT, a domestic corporation, and stock of other subsidiaries. The Corp DT stock does not represent substantially all of the property of Corp D for purposes of Code §7874. Pursuant to a reorganization described in Code §368(a)(1)(D), Corp D transfers all the stock of Corp DT to Corp FA, a newly formed foreign corporation, in exchange solely for 100 shares of Corp FA stock (DT acquisition) and distributes all of the Corp FA stock to its shareholders pursuant to Code §361(c)(1) (subsequent distribution). Corp D is the common parent of a foreign-parented group before and after the DT acquisition.

Under section 2.03(b)(iii) of Notice 2014-52, the Corp FA stock received by Corp D is treated as held by a member of the EAG for purposes of applying the EAG rules because (i) before the DT acquisition, Corp D and Corp DT are members of a foreign-parented group of which Corp D is the common parent, and (ii) Corp D would be a member of the EAG absent the distribution of the Corp FA stock by Corp D to its shareholders in the subsequent distribution. In addition, the DT acquisition qualifies as an internal group restructuring under Treas. Reg. §1.7874-1(c)(2). Accordingly, the ownership fraction is 0/100.