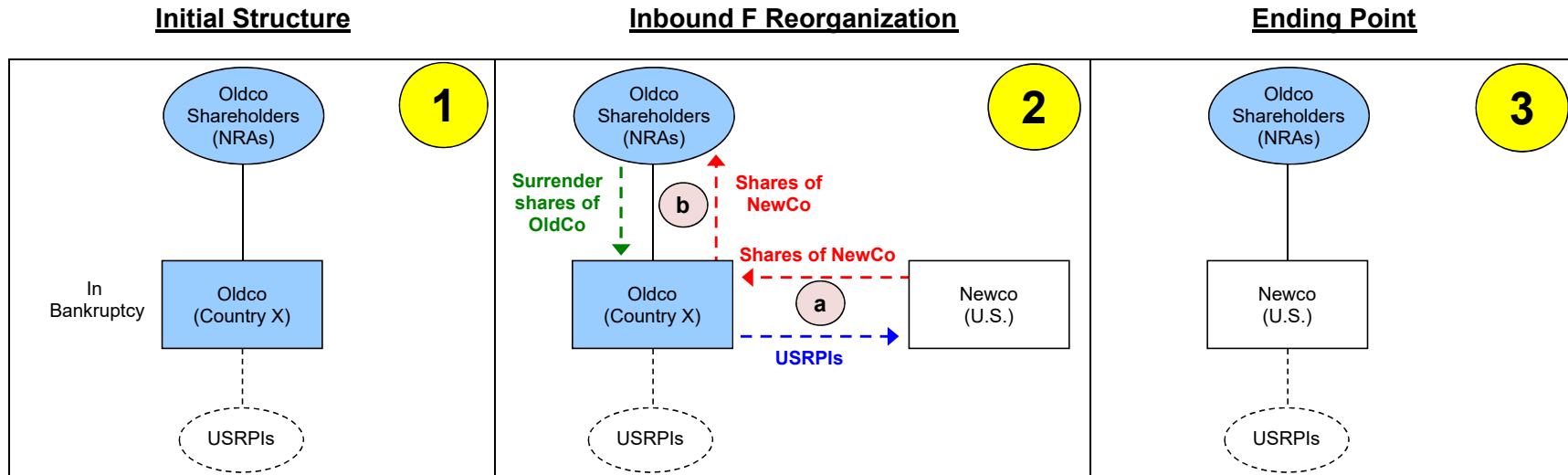


**Inbound F Reorganization
With U.S. Branch & USRPIs**



Oldco is a Country X corporation with a U.S. branch in State B. All the stock of Oldco is owned by two Country X citizens (the “Oldco Shareholder(s)”). Oldco is currently a debtor in a bankruptcy proceeding under chapter 11 of title 11 of the U.S. Code (the “Bankruptcy”). On Date A, a plan of reorganization (the “Chapter 11 Plan”) was confirmed by a United States Bankruptcy Court in State B (the “Bankruptcy Court”). Oldco's debt claims and obligations exceed \$a, an amount in excess of the fair market value of its assets.

Oldco's principal assets are a leasehold interest in USRPI 1 (a U.S. real property interest under §897(c)), \$b in cash held in a Country X bank account, and all the stock of Sub 1, a State B corporation (the stock of which is a U.S. real property interest under § 897(c)). Sub 1's principal assets consist of USRPI 2. The estimated fair market value of Oldco's assets exceed their adjusted tax basis by an amount exceeding \$c. Oldco will also hold stock in Sub 2, a State B corporation.

To implement the Chapter 11 Plan, Oldco intends to become a State A corporation by engaging in a reorganization described in §368(a)(1)(F) (the “Domestication”). Oldco will transfer all of its assets to Newco, a newly-formed wholly-owned State A subsidiary. Newco will assume all of the Plan Obligations of Oldco, the Newco stock held by Oldco will be cancelled, and new Newco stock will be issued to the Oldco Shareholders. Oldco will then complete its dissolution under Country X law and cease to exist.

Provided that Newco is a U.S. real property holding corporation as defined in §897(c) and meets the filing requirements of §1.897-5T(d)(1)(iii), as modified by Notice 89-57: 1. Newco will succeed to and take into account all the items of Oldco described in §381(a), except for foreign taxes described in §1.367(b)-3(d), net operating loss and capital loss carryovers as described in §1.367(b)-3(e), and Oldco's deficit in earnings and profits as described in § 1.367(b)-3(f); 2. The tax year of Oldco will terminate upon the date of the Domestication (§1.367(b)- 2(f)(4)); 3. Oldco will recognize no gain or loss on the transfer of the USRPIs to Newco in exchange for Newco stock under §897(e) and §1.897-6T(a)(1); 4. Oldco will recognize no gain or loss on the distribution of the Newco stock to Oldco Shareholders under §897(d)(1) and §1.897-5T(c)(4)(i) (as modified by Notice 89-85 and Notice 2006-46), provided that Oldco pays an amount equal to any taxes (plus interest) that §897 would have imposed upon all persons who had disposed of interests in Oldco during the ten year period as if Oldco were a domestic corporation on the date of each such disposition, and the conditions of §1.897-5T(c)(4)(ii)(A) and (C) are met; and 5. Section 1.884-2T(c) will apply to the transfer by Oldco of its assets to Newco in a reorganization described in §381(a), provided that Newco files Form 8848 (Consent to Extend Time to Access the Branch Profits Tax) in accordance with the requirements of §1.884- 2(c)(2)(iii). Oldco's dividend equivalent amount for the taxable year of the transfer, if any, will be determined under the provisions of §1.884-1, as modified by §1.884-2T(c)(2).