

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:
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Date:
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Checkerboard Square

Distributing =

Controlled =

Acquiror =

Date A =

Date B =

Date C =

X =

This responds to your letter of December 21, 2000, requesting a ruling supplementing the rulings previously issued in PLR-114567-97 (the "Original Letter Ruling") and PLR-118301-98 (the "Supplemental Ruling"). Additional information was submitted in letters dated January 8, January 19, and February 28, 2001. The information submitted for consideration is summarized below.

In the Original Letter Ruling, we issued rulings under Internal Revenue Code sections 332, 355, and 368(a)(1)(D), and other Code provisions with respect to a proposed distribution by Distributing to its shareholders of all the stock of Controlled and certain related transactions. This transaction was consummated as of Date A.

The rulings in the Supplemental Ruling Letter related to various transactions and events occurring and proposed to occur incident to or after the original transaction. In

that letter, we affirmed the continuing qualification of the original transaction as a section 355 distribution, and modified and substituted new rulings for certain of the rulings contained in the Original Ruling Letter.

On Date B, approximately x months (which is more than 2 years) after the original distribution on Date A, Acquiror made an unsolicited offer to purchase all of the outstanding stock of Controlled for cash. On Date C, Acquiror and Controlled executed a merger agreement to effectuate such a transaction (the "Acquisition"). The Acquisition is subject to approval by the Controlled shareholders and certain other conditions.

It has been represented that there was no agreement, understanding or arrangement concerning the Acquisition (or any other transaction involving an acquisition of Controlled stock by Acquiror) at the time of the original distribution or at any time during the 2 year period thereafter. Adequate information and documentation has been submitted in support of the foregoing representation.

Based on the information and representations submitted, as set forth above, we rule that the Acquisition will have no effect on the continuing validity of any of the rulings contained in the Original Ruling Letter or the Supplemental Ruling Letter.

No opinion is expressed about the tax treatment of the transaction under other provisions of the Code and regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transaction that are not specifically covered by the above ruling. We specifically express no opinion about the tax treatment, or effects on the rulings contained in the Original Ruling Letter or Supplemental Ruling Letter, of any transactions involving Distributing or Controlled since Date A that are not specifically covered by the above ruling.

The rulings in this letter are based on the facts and representation submitted under penalties of perjury in support of the request for rulings. Verification of this information may be required as part of the audit process.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Each affected taxpayer should attach a copy of this letter to its federal income tax return for the taxable year in which the transaction covered by this letter is consummated. We are sending a copy of this letter to your authorized representative, as specified in the power of attorney on file in this office.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By: Michael J. Wilder

Michael J. Wilder
Senior Technical Reviewer, Branch 1