

Internal Revenue Service

Departments of the Treasury

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Washington, D.C. 20224

People to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:1- PLR-129938-03

Date:

August 19, 2003

Distributing =

Controlled =

Dear :

This letter responds to a letter dated April 29, 2003, requesting a supplement to our letter ruling dated August 30, 2002 (PLR-101241-00) (the "Prior Letter Ruling"). The information submitted for consideration is summarized below. Capitalized terms retained the meanings assigned to them in the Prior Letter Ruling.

The Prior Letter Ruling addresses the federal income tax consequences of a distribution of Controlled stock by Distributing under § 355 of the Internal Revenue Code (the "Spin-Off"). Prior to the Spin-Off, Controlled recapitalized its single class of common stock into Class A common stock and Class B common stock (the "First Recapitalization"). The two classes are identical except for voting rights with respect to directors. The Class A common stock has 20 percent of the power to elect directors and the Class B common stock has 80 percent of the power to elect directors. The Articles of Incorporation of Controlled (the "Articles") provide that, upon a majority vote of all the outstanding shares of Controlled common stock, all Class A common stock and Class B common stock will automatically be redesignated as a single class of Controlled common stock. In the First Recapitalization, Distributing received all of the shares of Class B common stock and Controlled's other shareholders received the shares of Class A common stock in exchange for their shares of Controlled stock. Distributing distributed all of the Class B common stock to its shareholders in the Spin-Off.

Since the Spin-Off, the high-vote Class B common stock has traded at a significant discount to the low vote Class A common stock. Controlled has represented that based upon the advice of its advisors at the time of the First Recapitalization, it did not expect a substantial trading disparity to develop between its Class A common stock and Class B common stock of the type that ultimately occurred. Controlled further represented, based upon the advice of its advisors, that the trading disparity is a result in significant part to the general increase in investor demand for liquidity that has occurred since the First Recapitalization. Additionally, the dual-class voting structure has resulted in investor confusion as to Controlled's capital structure.

Controlled seeks a supplemental ruling regarding the elimination of the dual-class voting structure in order to alleviate the substantial trading disparity that had developed in the trading prices of the Class A common stock and Class B common stock, as well as to address the other problems relating to the dual-class voting structure.

Accordingly, Controlled proposes that its shareholders amend Controlled's Articles to reclassify the Class A common stock and the Class B common stock into a single class of common stock (the "Proposed Recapitalization"). Controlled will seek approval of the Proposed Recapitalization by holders of a majority of each class voting separately in addition to a majority of the two classes voting together as required by the Articles.

Based upon the information and representations submitted with the original and supplemental ruling requests, we rule that the Proposed Recapitalization will not have an adverse effect on the rulings contained in the Prior Letter Ruling.

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

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

A copy of this letter together with the Prior Letter Ruling must be attached to any income tax return to which it is relevant.

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

Sincerely yours,
Associate Chief Counsel (Corporate)

By _____
Marie C. Milnes-Vasquez
Senior Counsel, Branch 1

cc: