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Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:
CC:DOM:CORP:3-PLR-105184-99
Date:
March 25, 1999

Distributing =

Controlled =

This letter is in response to your March 3, 1999 request for a supplement to our prior letter ruling (CC:DOM:CORP:3, PLR-118625-98) dated January 28, 1999 (the "Prior Letter Ruling"). The facts and representations set forth in the Prior Letter Ruling are hereby incorporated, except as modified below, for purposes of this supplemental ruling.

The proposed transaction described in the Prior Letter Ruling has been modified in two respects:

First, in the Prior Letter Ruling, Distributing was to continue to provide cash management services to Controlled pursuant to a cash management agreement, and provide certain management and operational services to Controlled pursuant to a services agreement during a transition period, if any, not expected to exceed 12 months from the date of the transaction as described in item 10 on page 7 of the Prior Letter Ruling. It is now proposed that Distributing and Controlled will make their

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employees available to each other as necessary during a transition period, if any, not expected to exceed 12 months from the date of the transaction. And, the company rendering the services will be entitled to receive payment from the other company for the reasonable costs and expenses incurred in providing such services.

Second, in the Prior Letter Ruling, Distributing and Controlled were to share their chief financial officer and general counsel after the transaction for a transition period that will terminate promptly, but in no event more than 12 months following the transaction as described in item 9 on pages 6-7 of the Prior Letter Ruling. It is now proposed that the transition period for sharing the chief financial officer and general counsel will last up to 36 months, and that during such period the two individuals involved will continue to provide general business advice to both Distributing and Controlled (even if during that period they cease to act formally as chief financial officer or general counsel, respectively, of one of the companies).

Based on the information submitted, we hold as follows:

(1) The additional facts set forth in the supplemental ruling request will have no adverse effect on the rulings set forth in the Prior Letter Ruling and such rulings will remain in full force and effect.

The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a "penalties of perjury" statement executed by the appropriate party. This office has not verified any of the material submitted in support of the ruling request. Verification of the factual information and other data may be required as part of the audit process.

We express no opinion as to the tax treatment of the transaction under other provisions of the Code and regulations, or as to 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.

This letter ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent. Each affected taxpayer must attach a copy of this letter to the federal income tax return for the taxable year(s) in which the transaction covered by this letter ruling are consummated.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayer.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By Victor Penico

Victor Penico
Chief, Branch 3