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June 28, 2001

LEGEND:

Date A =

This responds to your June 5, 2001 request that we supplement our letter ruling dated March 25, 1999 (PLR-121401-98). An earlier supplemental letter ruling (PLR-109988-99) was issued on June 28, 1999. The earlier letter ruling and supplemental ruling are together referred to as the "Prior Letter Ruling." The information submitted for consideration is summarized below. Capitalized terms not defined in this ruling have the meanings assigned them in the Prior Letter Ruling.

The Prior Letter Ruling addresses certain federal income tax consequences of certain distributions of Controlled stock and related transactions. For more than five years before Date 7, Controlled was an indirect wholly owned subsidiary of Distributing. On Date 6, Controlled underwent a recapitalization designed to insure that the control requirements of § 355(a)(1)(A) and (D) of the Internal Revenue Code would be satisfied despite an initial public offering ("IPO") of Controlled stock that was to occur before the distributions of Controlled that were to qualify under § 355. The recapitalization gave Controlled two classes of stock, Controlled Class A Stock with i votes per share and Controlled Class B Stock with j votes per share. The two classes are identical except for voting rights. On Date 7, Controlled issued Controlled Class A Stock to the public in the IPO. On Date A, following the Internal Split-off and the Internal Spin-off, Distributing distributed its Controlled Class B Stock in the External Split-off. The taxpayer was not asked to represent that it had no plan or intention to reverse the recapitalization that had created the two-class structure.

After Date A, contrary to advice given by financial advisers before the External Split-off, a significant price differential developed between the two classes of stock as a result of investor confusion over Controlled's capital structure and an unexpectedly high investor demand for liquidity. The price differential contributes to certain business difficulties for Controlled, including complicating the pricing of Controlled stock for acquisition purposes.

Consequently, Controlled proposes to eliminate its two-class structure by forming Merger Sub and causing Merger Sub to merge into Controlled (the "Merger"). In the

Merger, the outstanding Controlled Class A Stock and Controlled Class B Stock would be exchanged for a single new class of Controlled voting common stock.

Based upon the information and representations submitted with the original and supplemental ruling requests, we rule as follows:

The Merger and the elimination of Controlled's dual-class voting stock structure in the Merger will not affect the rulings contained in the Prior Letter Ruling and will not prevent those rulings from having full force and effect.

This supplemental ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) 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 penalty of perjury statements executed by the appropriate parties. This office has not verified any of the material submitted in support of the request for rulings, but the material is subject to verification on examination.

We express no opinion about the tax treatment of the Merger under any other provision of the Code or regulations or the tax treatment of any condition existing at the time of, or effect resulting from, the Merger that is not specifically covered by the above rulings. In particular, no opinion is expressed regarding whether the Merger will qualify as a reorganization under § 368.

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

Pursuant to the power of attorney on file with this office, a copy of this letter is being sent to the taxpayer.

Sincerely,
Associate Chief Counsel (Corporate)
By: Wayne T. Murray
Senior Technician/Reviewer
Branch 4