

## 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-PLR-107626-00

Date:

September 13, 2000

### LEGEND:

Distributing 2 =

Controlled =

Date A =

Date B =

Dear:

This is in response to a letter dated March 31, 2000, requesting that we supplement our letter ruling dated October 15, 1998 (PLR-106109-98) (the "Prior Letter Ruling"). The information submitted for consideration is summarized below. Capitalized terms retain the meanings assigned to them in the Prior Letter Ruling.

Controlled is a corporation that was an indirect wholly owned subsidiary of Distributing 2 on Date A and had been for more than five years. Immediately prior to Date A, Controlled did a recapitalization in which its outstanding common stock was converted into two different classes of common stock (Class A and Class B) which were identical except for voting rights. On Date A, Controlled issued stock to the public in an IPO. On Date B, Distributing 2 distributed its stock in Controlled pursuant to Section 355 and the Prior Letter Ruling. We granted the rulings in the Prior Letter Ruling based, among other things, on the representation that Controlled's management had no plan or intention to proposed a change to the voting rights or powers of either class of Controlled's stock.

Subsequent to Date B, Controlled experienced unanticipated problems resulting from having two classes of stock outstanding. Distributing 2 and Controlled now seek a supplemental ruling on a proposed recapitalization in which all of Controlled's outstanding Class B common stock will be converted into Class A common stock, resulting in Controlled having a single class of common stock outstanding.

Controlled and Distributing 2 have represented that all of the other

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representations made in the Prior Letter Ruling are still true and correct. Based upon the information and representations submitted with the original and supplemental ruling requests, we hold that:

The proposed recapitalization of Controlled's stock will not have an adverse effect on the rulings contained in the Prior Letter Ruling.

This supplemental ruling is directed only to the taxpayers 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 the taxpayer.

Sincerely,  
Jasper L. Cummings  
Associate Chief Counsel  
By: Lewis K Brickates  
Assistant to the Branch Chief