

Internal Revenue Service

Department of the Treasury

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Person to Contact:

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Date:

June 7, 2000

Company A =

Date A =

Date B =

i =

k =

l =

m =

This letter responds to your April 10, 2000 request for a supplement to our ruling letter issued February 24, 1998 (the "Ruling Letter"), as supplemented by a ruling letter issued February 10, 2000 (the "Supplemental Letter"). The information submitted for consideration is summarized below. Capitalized terms retain the meanings assigned them in the Ruling Letter.

The Ruling Letter addressed a series of transactions that included an internal distribution of Controlled stock to Distributing 2 (the "Internal Distribution") followed by a distribution of the Controlled stock to the public shareholders of Distributing 2 (the "External Distribution"). These transactions were subsequently effected in reliance on the Ruling Letter. The principal business purpose for the distributions was to permit Controlled to raise additional equity for pursuing acquisitions. In the Ruling Letter, Distributing 2 represented that:

(2k) Within one year following the External Distribution, Controlled (i) will issue at least f to g dollars of equity or equity-linked instruments in acquisitions or for cash, and (ii) will make at least f to g dollars of acquisitions (including any acquisitions made pursuant to (i)). Within five years following the External Distribution, and taking into account any issuances or acquisitions within the first year following the External Distribution, Controlled (iii) will issue at least h dollars of equity or equity-linked instruments in acquisitions or for cash and (iv) will make

at least h dollars of acquisitions (including any acquisitions made pursuant to (iii)).

On Date A, Controlled sold j shares to the public and raised k dollars. On Date B, Controlled purchased Company A for l dollars.

Controlled wishes to initiate a program to repurchase up to m shares of its outstanding stock through open market transactions (the "Repurchase Program"). Controlled represents that the Repurchase Program will comply with the requirements of § 4.05(1)(b) of Rev. Proc. 96-30, 1996-1 C.B. 696, 705.

Based solely on the information submitted, we rule that the Repurchase Program will not adversely affect any of the rulings set forth in the Ruling Letter, and those rulings will retain full force and effect.

We express no opinion on the tax effects of the Repurchase Program under any other provisions of the Code and regulations or the tax effects of any conditions existing at the time of, or effects resulting from, the Repurchase Program that are not specifically covered by this supplemental ruling.

This supplemental ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Each taxpayer involved in the transaction should attach a copy of this supplemental ruling, along with copies of the Ruling Letter and Supplemental Letter, to the taxpayer's federal income tax return for the taxable year in which the transaction is consummated.

Under a power of attorney on file in this office, a copy of this letter is being sent to your authorized representatives.

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