

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:1-PLR-115494-00

Date:

October 23, 2000

LEGEND:

Date A =

Date B =

We respond to your letter dated August 10, 2000, requesting that we supplement our letter rulings dated September 13, 1999 (PLR-103429-99) ("Prior Letter Ruling") and April 24, 2000 (PLR-101048-00) ("First Supplemental Letter Ruling"). The information submitted for consideration is summarized below. Capitalized terms retain the meanings assigned to them in the Prior Letter Ruling.

The Prior Letter Ruling concerned the pro rata distribution by Distributing of all the stock of Controlled. In connection with the request for the Prior Letter Ruling, the taxpayer represented that the principal business purpose for the transaction was to facilitate Controlled's ability to raise capital through a public offering of Controlled common stock. The taxpayer represented that the Controlled stock offering would be completed within one year of the spin-off. Based on the facts submitted and the taxpayer's representation that it would complete the Controlled stock offering within one year of the spin-off, we issued the Prior Letter Ruling.

The spin-off was consummated on Date A. Due to unanticipated business difficulties and unexpected market adversity, Controlled has not yet completed a public offering of its stock. Based on advice from its investment banker, Controlled does not anticipate that it will be able to complete the Controlled stock offering within the one year period, but now proposes to complete it no later than Date B.

Based on the information and representations submitted with the original and supplemental requests, we rule that:

Controlled's completion of the offering no later than Date B will not have an adverse effect on the rulings contained in the Prior Letter Ruling and the First

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Supplemental Letter Ruling, and such rulings will remain in full force and effect.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalties 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.

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

A copy of this letter 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 yours,

Associate Chief Counsel (Corporate)

By: _____
Mark S. Jennings
Acting Chief, Branch 1