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Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:4 PLR-157957-02

Date:

April 3, 2003

Date 16 =

Date 17 =

Date 18 =

Date 19 =

Month 1 =

Estate of B =

p =

q =

r =

s =

t =

u =

v =

w =

x =

y =

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z =

Dear :

This letter responds to your October 21, 2002 request that we supplement our letter ruling dated March 22, 2001 (PLR-112614-00) (the "Prior Letter Ruling"). The information submitted for consideration is summarized below. Capitalized terms not defined in this letter have the meanings assigned them in the Prior Letter Ruling.

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.

The Prior Letter Ruling addresses certain federal income tax consequences of the distribution by Distributing of Controlled stock to its shareholders and related transactions. The Distribution was completed on Date 16.

Supplemental Facts

Distributing has p shares of Distributing Class A Stock outstanding and q shares of Distributing Class B Stock outstanding. As long as Distributing has at least r shares of Distributing Class B Stock outstanding, holders of Distributing Class A Stock are entitled to elect at least b percent of Distributing's directors, and holders of Distributing Class B Stock are entitled to elect the rest.

The Distributing and Controlled stock held by the Estate of A on Date 16 is now held by the Marital Trusts. The Estate of B, I, J, and K (B, I, J, and K, together, the "A Family") hold s shares (or t percent) of Distributing Class B Stock as follows: The Marital Trusts hold u shares; the Estate of B holds v shares; I (indirectly) holds w shares; J holds x shares; and K holds y shares.

Employees, former employees, and the public hold the remaining z shares of Distributing Class B Stock.

Following A's death on Date 1 and before B's death on Date 17, B suffered unanticipated cash flow and liquidity problems, and the net value of the Estate of A and the Marital Trusts declined by approximately g percent.

In Month 1, I informed Distributing's board that the beneficiaries of the Marital Trusts had liquidity issues and were contemplating selling their Distributing Class B Stock to meet their financial needs.

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On Date 18, a special committee of Distributing's board (the "Special Committee"), consisting only of Distributing Class A Stock directors, was appointed to consider a redemption of the Distributing Class B Stock. That committee determined that eliminating the A Family's control of Distributing's board was in the best interests of Distributing.

On Date 19, the Special Committee agreed to make a public tender offer for all of the outstanding Distributing Class B Stock (the "Redemption"), and the A Family and the Marital Trusts agreed to tender all of their Distributing Class B Stock to Distributing. The Redemption will not occur unless the number of shares of Distributing Class B Stock outstanding after the Redemption is less than 1.

Supplemental Ruling

Based solely on the information and representations submitted with the original and supplemental requests, we rule that the Redemption will not affect the Prior Letter Ruling and will not prevent those rulings from having full force and effect.

Caveats

We express no opinion about the tax treatment of the Redemption under any other provision of the Code or regulations thereunder or the tax treatment of any condition existing at the time of, or effect resulting from, these transactions that are not specifically covered by the above rulings.

Procedural Statements

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

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

Under a power of attorney on file with this office, a copy of this letter is being sent to the taxpayer and to an additional authorized representative.

Sincerely,

Richard K. Passales

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Corporate)