

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:1-PLR-122910-01

Date:

July 2, 2001

Distributing =

Controlled =

Corporation X =

Target =

ccc =

Date 1 =

Date 2 =

Date 3 =

Date 5 =

A =

B =

We respond to a letter from your authorized representative dated April 18, 2001, requesting a ruling supplementing and affirming the rulings granted in PLR-114099-99 ("Prior Letter Ruling") and PLR-124544-00 ("Prior Supplemental Ruling"); specifically, rulings under § 355 of the Internal Revenue Code (the "Code") and other Code sections, as to the federal income tax consequences of a transaction.

On Date 1, Distributing distributed Controlled to its shareholders as described in the Prior Letter Ruling. Step 5 of the Prior Letter Ruling's description of the transaction provided that Controlled would issue stock in a public offering or acquisition (not to

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exceed 50 percent of the total outstanding stock of Controlled by vote and value) within one year (Date 2) of the distribution of Controlled.

On Date 4, a date before Date 2, Controlled signed a merger agreement with Target providing that Target will merge with and into Corporation X, a wholly owned subsidiary of Controlled (the "Merger Acquisition"). In the Merger Acquisition, which is intended to qualify as a reorganization under sections 368(a)(1)(A) and 368(a)(2)(D) of the Code, the shareholders of Target will receive cash and up to ccc percent of the outstanding stock of Controlled. Controlled had filed applications with regulators A and B seeking regulatory approval of the Merger Acquisition on Date 3. Controlled anticipates that all the conditions to the completion of the Merger Acquisition, including the receipt of the required regulatory approvals, will be satisfied no later than Date 5 (a date later than Date 2).

Accordingly, the taxpayer proposes that on or before Date 5 Controlled will issue stock not exceeding 50 percent of the total outstanding stock of Controlled by vote or value in the Merger Acquisition.

Based solely on the information and representations submitted in connection with the Prior Letter Ruling request, the Prior Supplemental Ruling request and this ruling request, we rule that the Merger Acquisition will have no adverse effect on the rulings contained in the Prior Letter Ruling and the Prior Supplemental Ruling and that all such rulings remain in full force and effect.

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

Each taxpayer affected by the Prior Letter Ruling, the Prior Supplemental Ruling and this ruling should attach a copy of all three ruling letters to its federal income tax return for the taxable year in which the transactions covered by these letters are completed.

Under a power of attorney on file in this office, copies of this supplemental letter are being sent to your authorized representatives.

Sincerely,
Associate Chief Counsel (Corporate)
By: Mark S. Jennings
Chief, Branch 1