

INTERNAL REVENUE SERVICE  
Index Numbers: 332.00-00 355.01-00  
368.00-00  
Number: **199914031**  
Release Date: 4/9/1999

CC:DOM:CORP:3 PLR-121399-98  
January 11, 1999

Distributing =

Controlled =

Acquiring =

Sub10 =

Date C =

Asset Group D =

This letter replies to a request dated November 20, 1998, for supplemental rulings with respect to a ruling letter dated September 25, 1997, (Control Number PLR-105973-97, published as PLR 9751043) (the "Prior Ruling") involving the income tax consequences of a proposed transaction. You submitted additional information in a letter dated December 30, 1998. Unless otherwise noted, capitilized terms in this letter have the same meaning set forth in the Prior Ruling. The taxpayers have consummated the transactions described in the Prior Ruling on

PLR-121399-98

Date C.

The Prior Ruling involved numerous steps resulting in a spin off of Controlled by Distributing and the merger of Acquiring's newly formed subsidiary with and into Distributing. Step (v) of the Prior Ruling involved Merger #3 (the merger of Sub 10 with and into Controlled) which step we ruled to be a liquidation under § 332 of the Internal Revenue Code.

You have informed us that Controlled's management regularly evaluates the performance of its various businesses and considers various strategies to improve Controlled's financial performance. As a result of such ongoing business planning, the management of Controlled would like to dispose of all or a portion of Asset Group D, which prior to Date C was owned by Sub10. However, Representation (kk) made in connection with Merger #3 in the Prior Ruling does not explicitly refer to such a disposition. Representation (kk) stated the following:

Except for the disposition of Asset C in an unrelated transaction, and except for transactions that are part of the Restructuring, no assets held directly by Sub10 have been, or will be, disposed of by either Sub10 or Controlled except for dispositions in the ordinary course of business and dispositions occurring more than 3 years prior to adoption of the plan of merger for Merger #3.

Based solely on the information submitted by the taxpayer with respect to this supplemental ruling request and the information submitted with respect to the Prior Ruling, we hold as follows:

A disposition of Asset Group D will not adversely affect the rulings contained in the Prior Ruling.

We express no opinion about the tax treatment of the transactions under any other sections of the Code or regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions that are not specifically covered in the above rulings.

PLR-121399-98

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

A copy of this letter should be attached to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling letter and the Prior Ruling are consummated.

Sincerely yours,

Assistant Chief Counsel (Corporate)

By *Victor Penico*

Victor Penico  
Chief, Branch 3