

Internal Revenue Service

Department of the Treasury

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Date:

July 17, 2001

This letter is in reply to a letter from your authorized representative, dated March 20, 2001, requesting that we supplement our letter ruling dated March 21, 2000 (PLR-113612-99) (the "Prior Letter Ruling"). The information submitted for consideration is summarized below. Capitalized terms retain the meaning assigned to them in the Prior Letter Ruling.

The Prior Letter Ruling contained rulings regarding, among other things, the effect of Company's issuance, in connection with Company's Expansion Plan, of the A call, the B call, or the C call under the ABC warrants (see rulings 7 - 12). These rulings were conditioned on Company's adherence to the following timetable: (i) Company will issue the A call of the ABC Warrants within one year of the date of the Prior Letter Ruling, and (ii) if Company issues the B call of the ABC Warrants, such issuance will occur within two years of the date of the issuance of the A call, and (iii) if Company issues the C call of the ABC Warrants, such issuance will occur within two years of the date of the issuance of the A call.

In its request for a supplemental letter ruling, the taxpayer describes a change in market conditions and a failed attempt to acquire a target corporation since the Prior Letter Ruling was issued. Company demonstrated that it is still committed to the Expansion Plan and is pursuing additional targets and intends to issue a call (or calls) under the ABC warrants to fund such an acquisition (or acquisitions). Company asks that the Service extend the timetable for the above-described conditions in the Prior Letter Ruling, thereby allowing Company to complete its due diligence and negotiations with respect to other targets in pursuance of the Expansion Plan.

Accordingly, the conditional paragraph immediately preceding rulings 7 through 12 of the Prior Letter Ruling is deleted and replaced with the following paragraph:

Based solely on the information submitted and the representations set forth above, we hold as follows with respect to the proposed issuance of the ABC Warrants, provided that (i) Company issues the A call of the ABC Warrants within three years of the date of the Prior Letter Ruling, as described above, and (ii) if Company issues the B call of the ABC Warrants, such issuance will occur within four years of the date of the

Prior Letter Ruling, as described above, and (iii) if Company issues the C call of the ABC Warrants, such issuance will occur within four years of the date of the Prior Letter Ruling, as described above, and (iv) prior to issuing any of the ABC Warrant calls, Company obtains an opinion from State X counsel that the Escrow Protection Mechanics are valid and binding on all of the then current and future holders of Company stock and enforceable under State X law:

Based upon the information and representations submitted with the original and supplemental ruling requests, we reaffirm the rulings set forth in the Prior Letter Ruling.

We express no opinion about the tax treatment of the transaction under other provisions of the Internal Revenue Code or the Regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the transaction that are not specifically covered by the above rulings.

This supplemental letter 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 supplemental letter ruling and of the Prior Letter Ruling should be attached to the Federal Income Tax Returns of the taxpayers involved for the taxable year in which the transactions covered by the Prior Letter Ruling and this supplemental letter ruling is consummated.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

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