

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:CORP:3 PLR-111908-01

Date:

April 24, 2001

Distributing =

Controlled =

Unit D =

Unit E =

This letter is in response to a request dated February 9, 2001, for a supplemental ruling with respect to a ruling letter dated January 27, 2000 (PLR-107127-99, LTR 200017019), (the "Prior Letter"). The Prior Letter concerned a proposed transaction under §§ 355 and 368 (the "Distribution"). The facts and representations set forth in the Prior Letter are hereby incorporated, except as modified below, for purposes of this supplemental ruling.

In your request you have indicated that, contrary to the facts and representations of the Prior Letter, there will not be a public offering of Controlled stock within 12 months of the Distribution. You have requested a ruling concerning the effect of this modification on the Prior Letter.

The following representation was made with respect to the Prior Letter:

- (e) The Distribution will be carried out for the following corporate business purposes: (i) allowing Controlled to raise substantially more capital through a public offering and (ii) enhancing the success of Unit D and Unit E by enabling the companies to resolve certain managerial problems that have arisen in operating the two businesses under a single corporate umbrella. The Distribution is motivated, in whole or substantial part, by one or more of these corporate business purposes.

Based on the facts and information submitted, we hold as follows:

PLR-111908-01

The changes from the Prior Letter described above will have no effect on any of the rulings contained in the Prior Letter and such rulings remain in full force and effect.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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

A copy of this letter must be attached to any income tax return to which it is relevant.

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

Sincerely yours,

Associate Chief Counsel (Corporate)

by: Ken Cohen

Ken Cohen
Senior Technician Reviewer, Branch 3