

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:
CC:DOM:CORP:1-PLR-101049-00
Date:
April 24, 2000

Re: .

LEGEND:

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Agent =

We respond to your letter dated December 23, 1999, requesting that we supplement our letter ruling dated September 13, 1999 (PLR-103429-99) (the "Prior Ruling"), regarding certain federal income tax consequences of a series of transactions, which included distributions of stock in Controlled by Distributing to Sub 15, by Subsidiary 15 to Subsidiary 1, by Subsidiary 1 to Common Parent, and by Common Parent to its shareholders. The Prior Ruling held, inter alia, that the distributions qualified as tax-free distributions under section 355 of the Internal Revenue Code. Capitalized terms retain the meanings assigned to them in the Prior Ruling.

The taxpayer completed the transactions as proposed in the Prior Ruling. Because of the transactions described in the Prior Ruling, Controlled became the common parent of four wholly owned subsidiaries: Subsidiary 5, Subsidiary 18, Subsidiary 19, and Subsidiary 21.

The taxpayer now wishes to undertake, in the order listed, the following proposed transactions, which were not described in the request for the Prior Ruling:

- (1) Controlled will cause Subsidiary 5 to merge into a single member limited liability company, all the interests of which will be owned by Subsidiary 19.
- (2) Subsidiary 18, Subsidiary 19, and Subsidiary 21 will declare approximately \$v in total dividends, which they will distribute to Controlled in the form of interest-bearing securities. The securities will be for a term of w years, have a market rate of interest, and require payment of interest plus repayment of x percent of

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the principal each year, with a balloon payment of principal at the end of the term.

(3) In conjunction with the transactions proposed in the Prior Ruling, Controlled obtained a \$z unsecured credit facility with a syndicate of lenders led by Agent as the administrative agent, and a short-term bridge loan for other corporate purposes. Controlled also sold approximately \$z of senior unsecured notes through a private placement with Agent, the proceeds of which were used to pay down the bridge loan and a portion of the credit facility. Controlled plans to enter a co-borrowing arrangement with Subsidiary 18 and Subsidiary 19 with respect to the credit facility and notes, whereby Controlled, Subsidiary 18, and Subsidiary 19 will be jointly and severally liable for the debt.

With respect to the proposed transactions, the taxpayer has attested that all of the representations made in the Prior Ruling remain true and correct.

Based solely on the information submitted and the taxpayer's reaffirmation of the representations contained in the Prior Ruling, we hold that the consummation of the three proposed transactions, described above, will not have an adverse effect on the rulings contained in the Prior Ruling and such rulings will remain in full force and effect. We express no opinion concerning the federal income tax treatment of the proposed transactions themselves under any provisions of the Code or Regulations or about the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transactions.

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

Each taxpayer involved in the transaction in the Prior Ruling should attach a copy of this supplemental ruling to the taxpayer's federal income tax return for the taxable year in which the transaction was consummated.

In accordance with a power of attorney on file in this office, we are sending a copy of this letter to the taxpayer.

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