

**Internal Revenue Service**

Department of the Treasury

Index Number: 0351.01-00, 0355.01-00

Washington, DC 20224

Number: **200017035**  
Release Date: 4/28/2000

Person to Contact:

Telephone Number:

Refer Reply To:  
CC:DOM:CORP:5 PLR-100246-00  
Date:  
February 1, 2000

In Re:

Distributing 2 =

Controlled 1 =

Controlled 2 =

:

This letter responds to your December 29, 1999, request for a letter ruling supplementing our letter ruling dated August 2, 1999 (the "Prior Letter Ruling"). In the Prior Letter Ruling, we ruled that the pro-rata distributions of all the outstanding common stock of Controlled 1 and Controlled 2 to the stockholders of Distributing 2 qualified as tax-free distributions under § 355 of the Internal Revenue Code (the "Distributions"). The legend abbreviations (except as noted above), the summary of the facts, the description of the proposed transactions, the representations, and the caveats appearing in the Prior Letter Ruling are incorporated herein by reference.

In the Prior Letter Ruling, Distributing 2 represented that any share repurchases made by Distributing 2 after the Distributions would meet the requirements of section 4.05(1)(b) of Rev. Proc. 96-30, 1996-1 C.B. 696, 705. Distributing 2 now intends to make such repurchases through a combination of open market purchases and a tender

PLR-100246-00

offer. Distributing 2 represents that there is no plan or intention for such combined purchases by Distributing 2 to equal or exceed 20 percent of the total outstanding stock of Distributing 2 or for Distributing 2 to purchase shares pursuant to the tender offer from any of Distributing 2's officers or directors.

Based solely on the information and representations submitted in the original and supplemental requests, we rule that the additional information and representation will have no adverse effect on the Prior Letter Ruling and that the Prior Letter Ruling retains full force and effect.

This 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 affected by the Prior Letter Ruling should attach a copy of the that letter and of this supplemental letter 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 the taxpayer and its authorized representative.

Sincerely,

Assistant Chief Counsel (Corporate)

By: Filiz A. Serbes

Filiz A. Serbes  
Assistant to the Chief, Branch 5