

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:
CC:CORP:4 PLR-158440-02
Date:
January 16, 2003

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Dear :

This responds to your October 18, 2002 request that we supplement our letter ruling dated April 10, 2001 (PLR-130376-00) and our supplemental ruling dated May 20, 2002 (PLR-126187-02). The original letter ruling and the supplemental ruling are together referred to as the "Prior Letter Ruling." Capitalized terms not defined in this ruling have the meanings originally assigned to them in the Prior Letter Ruling.

The Prior Letter Ruling addresses certain federal income tax consequences of the distribution of Controlled and related transactions. The Distribution was undertaken in part to improve Controlled's ability to use its stock to acquire assets or cash or for other corporate purposes. The Prior Letter Ruling contains a statement that within two years following the Distribution, Controlled intends to issue, subject to market and business conditions, at least \$250 million to \$500 million of equity for cash or other assets, and, within three years following the Distribution, and counting for this purpose any issuances of equity within the first two years following the Distribution, Controlled intends to issue at least \$500 million to \$1 billion of equity for cash or other assets.

Due to circumstances not anticipated at the time of the Distribution, Controlled subsequently repurchased approximately \$m of its stock. Depending on market conditions, Controlled may continue to repurchase shares of its stock.

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Since the Distribution, Controlled has issued approximately \$n of its equity, including approximately \$o of equity for acquisitions and approximately \$p of equity through a rights offering. Accordingly, Controlled has issued at least \$250 million to \$500 million of equity for cash or other assets within two years following the Distribution, and at least \$500 million to \$1 billion of equity for cash or other assets within three years following the Distribution.

Based on the information and representations submitted with the original and supplemental requests, we rule that repurchases by Controlled of shares of its stock do not affect the amounts of equity that Controlled was to issue within two years following the Distribution and within three years following the Distribution and we reaffirm the rulings and caveats set forth in the Prior Letter Ruling.

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

Each taxpayer involved in the transaction should attach a copy of this supplemental letter to the taxpayer's federal income tax return, as appropriate, for the taxable year in which the transaction is consummated. Pursuant to a power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Corporate)