

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:
CC:CORP:B05 - PLR-113382-01
Date:
November 15, 2001

Re:

Distributing =

Controlled =

Shareholder A =

Shareholder B =

Shareholder C =

Shareholder D =

Shareholder E =

Shareholder F =

Shareholder G =

Shareholder H =

Shareholder I =

Shareholder J =

Shareholder K =

M =

N =

This is in reply to your letter dated February 28, 2001, requesting a supplemental ruling with respect to our prior letter ruling dated January 17, 2001 ("prior PLR"). Additional information was submitted in a letter dated May 25, 2001. This letter supplements the prior PLR with regard to the transaction described therein (the "Transaction").

For what are represented to be valid business reasons it is proposed that all of the outstanding shares of Controlled stock held by the following shareholders ("Redeeming Shareholders") be redeemed:

<u>Shareholder</u>	<u>Shares Owned</u>
A	297
B	390
C	390
D	390
E	390
F	390
G	390
H	391
I	1,219
J	767
K	<u>767</u>
	5781

The 5,781 shares held by the Redeeming Shareholders represent M percent of the outstanding shares of Controlled. These shares represent all of the shares of Controlled received by the Redeeming Shareholders in the Transaction.

The funds used to redeem the shares held by the Redeeming shareholders will come from cash on hand and loans secured by real estate.

Each of Controlled and Distributing reaffirms the veracity of the facts and representations contained in the prior PLR and represents that it is not aware of any information other than that submitted in connection with this supplemental ruling that would contradict such facts and representations.

The remaining N percent of the outstanding shares of Controlled remain in the hands of the former Distributing shareholders who received them in exchange for their Distributing shares in the Transaction.

Based upon the facts submitted and the representations made, it is held that the proposed redemption of the Controlled shares in the hands of the Redeeming Shareholders will have no adverse effect on the rulings contained in the Prior PLR. Accordingly, those rulings will remain in full force and effect.

No opinion was requested and none is expressed as to the federal income tax consequences with respect to the proposed redemption of the Controlled shares held by the Redeeming Shareholders as described above.

No opinion is expressed about the tax treatment of the transaction under other provisions of the Code and 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 ruling is directed only 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 letter should be attached to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this ruling letter is consummated.

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

Sincerely yours,
Associate Chief Counsel (Corporate)
By: Debra Carlisle
Chief, Branch 5