

**Internal Revenue Service**

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:

CC:DOM:CORP:4 PLR-118605-98

Date:

December 28, 1998

Newco =

Date H =

Dear

This letter responds to your September 28, 1998 request for a letter ruling supplementing our prior letter ruling dated July 17, 1998 and modified August 27, 1998 (collectively, the "Prior Letter Ruling"). The legend abbreviations, factual summary, and representations appearing in the Prior Letter Ruling are hereby incorporated by reference unless otherwise indicated.

Pursuant to your request, our Prior Letter Ruling has been modified as follows:

(A) Date H has been added to the legend. Also, the legend has been amended to indicate that Newco will be organized as a State F corporation.

(B) Steps (i) and (iv) have been changed to read as follows:

(i) To assure that the Merger described in step (iv) qualifies for certain beneficial accounting treatment under applicable Securities and Exchange Commission provisions, Target, on Date H, changed its state of incorporation from State G to State F in a transaction intended to qualify as a reorganization under § 368(a)(1)(F) of the Internal Revenue Code (the "Reincorporation"). No Target shareholder dissented to the Reincorporation.

(iv) Acquiring will form Newco as a State F corporation, and Newco will merge into Target under applicable state law (the "Merger"). Pursuant to the Merger, (a) the Newco stock held by Acquiring will be converted into all of the outstanding stock of Target, and (b) the Target stock held by Target shareholders (other than Acquiring)

will be converted into the right to receive solely Acquiring voting stock. Target shareholders will not be entitled to dissenters' rights in the Merger. Following the Merger, Acquiring will own all of the stock of Target. Any Target Options outstanding on the date of the Merger will be converted into options to acquire Acquiring stock on terms and conditions similar to those of Target's stock option plan.

(C) Representations (c) and (m) have been modified to read as follows:

(c) Prior to or in the Merger, neither Target nor any person related (as defined in § 1.368-1(e)(3), determined without regard to § 1.368-1(e)(3)(i)(A)) to Target will have, either directly or through any transaction, agreement, or arrangement with any other person, (i) acquired shares of Target stock with consideration other than shares of Acquiring stock or Target stock (except for shares of Target stock acquired by Target in the Asset Sale), or (ii) redeemed or made a distribution with respect to Target stock.

(m) There will be no dissenting shareholders to the Merger.

(D) The following new representation has been added:

(p) No Target shareholder dissented to the Reincorporation.

Based solely on the information and representations submitted in the original and supplemental requests, we rule that the above changes do not affect the rulings contained in the Prior Letter Ruling, and those rulings remain in full force and effect.

We express no opinion about the tax treatment of the proposed transaction (as modified) under other provisions of the Code and Income Tax Regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transaction that are not specifically covered by the rulings contained in the Prior Letter Ruling, as reaffirmed herein.

All caveats contained in the Prior Letter Ruling continue to apply, except that caveat (b) is deleted, and the remaining caveats are relettered as (b) and (c).

This supplemental ruling letter is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it cannot be used or cited as precedent.

The rulings in the Prior Letter Ruling, as reaffirmed herein, are based on facts and representations submitted under penalties of perjury. Verification of that information may be required as part of the audit process.

It is important that a copy of this supplemental letter and a copy of the Prior Letter Ruling be attached to the federal income tax return of each taxpayer involved for the taxable year in which the transactions covered by those letters are consummated.

Pursuant to a power of attorney on file in this office, copies of this letter are being sent to Acquiring and Acquiring's second-named representative.

Sincerely,

Assistant Chief Counsel  
(Corporate)

By: \_\_\_\_\_  
Robert T. Hawkes  
Assistant to the Chief  
Branch 4