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CC:CORP:01
PLR-107015-07

Date:
April 13, 2007

LEGEND:

Distributing 3 =

Controlled =

Date 8 =

Date 9 =

Date 10 =

Date 11 =

a	=	
Maximum Exchange Ratio	=	
Exchange Period	=	
Valuation Dates	=	
The Exchange Agent	=	

Dear :

This letter responds to your February 6, 2007 request that we supplement our letter ruling dated January 26, 2007 (PLR-144731-06) (the "Prior Letter Ruling"). Additional information was submitted on February 28, 2007, March 9, 2007, April 4, 2007 and April 12, 2007. Capitalized terms not defined in this ruling have the meanings assigned to them in the Prior Letter Ruling. The information submitted for consideration is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

The Prior Letter Ruling addressed certain federal income tax consequences of proposed transactions under § 355 and certain other provisions of the Internal Revenue Code (the "Code"). The Prior Letter Ruling held that the Final Distribution qualified as tax free under § 355.

SUPPLEMENTAL FACTS

Other than as described below, the Proposed Transaction is as described in the Prior Letter Ruling.

Distributing 3's management and board of directors have determined that, given current market conditions, it will be more beneficial to exchange Distributing 3's Controlled shares for Distributing 3 shares in a "split-off" transaction (the "Split-Off") rather than to distribute Controlled shares pro rata. On Date 8, Distributing 3's board of directors approved a plan to effect the Split-Off.

Pursuant to the plan adopted by Distributing 3's board of directors, under the terms of an exchange offer (the "Exchange Offer"), Distributing 3 offered the shares of Controlled stock that it owns to Distributing 3's shareholders in exchange for shares of Distributing 3 stock. The Exchange Offer permitted holders of Distributing 3 stock to exchange their calculated per-share value of Distributing 3 shares for shares of Controlled stock at an exchange ratio calculated using a maximum a% discount to the calculated per-share value of Controlled stock, subject to the Maximum Exchange Ratio. The purpose of the discount was to provide an incentive to Distributing 3's shareholders to participate in the Exchange Offer. The purpose of the Maximum Exchange Ratio was to ensure that a significant decrease in the market value of Controlled stock relative to the market value of Distributing 3 stock during the Exchange Period would not result in an excessive number of shares of Controlled stock being exchanged per share of Distributing 3 stock accepted in the Exchange Offer. In effect, applying the Maximum Exchange Ratio reduces the discount that would otherwise apply to the Controlled stock in calculating the exchange ratio. Therefore, if the Maximum Exchange Ratio were in effect, such discount would be less than a%.

The final calculated per-share value of the Distributing 3 stock and the Controlled stock was determined by averaging the daily volume-weighted average price of the applicable stock for each of the three Valuation Dates. The Maximum Exchange Ratio is in effect because an exchange based on the final calculated per-share values of Distributing 3 stock and Controlled stock would have resulted in an exchange ratio that is greater than the Maximum Exchange Ratio. Because the Maximum Exchange Ratio is in effect, the discount to the calculated per-share value of Controlled stock is less than a%.

Pursuant to the terms of the Exchange Offer, because the Maximum Exchange Ratio is in effect, the Exchange Period was extended two business days from Date 9 to Date 10 to give Distributing 3 shareholders the opportunity to withdraw their tendered shares. The Exchange Offer closed on Date 11. During the Exchange Period (with extension), Distributing 3's shareholders validly tendered (and did not withdraw) a number of shares of Distributing 3's stock such that Distributing 3 would have been required to distribute more shares of Controlled stock in the Split-Off than it holds. Pursuant to the terms of the Exchange Offer, Distributing 3 accepted for exchange on a pro rata basis, in proportion to the number of shares tendered, Distributing 3 shares validly tendered and not properly withdrawn.

Fractional shares of Controlled stock will not be distributed in the Split-Off. Instead, any fractional shares to which a Distributing 3 shareholder will otherwise be entitled will be aggregated and sold in the open market by The Exchange Agent, and such shareholders will receive cash in lieu of fractional shares.

REPRESENTATIONS

Distributing 3 reaffirms all of the representations (references to "Final Distribution" include the Split-Off) and statements made in the Prior Letter Ruling and makes the following additional representation:

(aaa) The fair market value of the Controlled stock and other consideration to be received by each Distributing 3 shareholder pursuant to the Split-Off will be approximately equal to the fair market value of the Distributing 3 stock surrendered by the Distributing 3 shareholder in the Split-Off.

RULINGS

Based solely on the information and representations submitted with the original and supplemental requests, we reaffirm the rulings set forth in the Prior Letter Ruling and rule as follows:

(1) References to the "Final Distribution" (except with regards to ruling (18)) in the Prior Letter Ruling will include the Split-Off.

(2) The aggregate basis of the Controlled stock received by each Distributing 3 shareholder in the Split-Off (including any fractional interest in Controlled stock to which the shareholder may be entitled) will be the same as the shareholder's aggregate basis in the Distributing 3 stock surrendered in the exchange, allocated in the manner described in § 1.358-2(a)(2). Sections 358(a)(1) and (b)(2).

CAVEATS

We express no opinion about the tax treatment of the Final Distribution under other provisions of the Code and regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Final Distribution that are not specifically covered by the above rulings and the rulings contained in the Prior Letter Ruling.

PROCEDURAL STATEMENTS

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.

A copy of this supplement must be attached to any income tax return to which it is relevant. Alternatively, instead of attaching a copy of this supplement to a return, a taxpayer filing a return electronically may attach a statement to the return that provides the date and control number of the supplement.

In accordance with the power of attorney on file in this office, a copy of this supplement is being sent to your authorized representatives.

Sincerely,

____
Mark S. Jennings
Chief, Branch 1
Office of Associate Chief Counsel (Corporate)

cc: