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Number: **199914003** Release Date: 4/9/1999

December 15, 1998

Re:

FCorp 2 =

Business Y

Controlled 2 =

=

:

Purchaser =

Dear

This is in response to a letter dated April 16, 1998, requesting a further supplemental ruling to a ruling letter issued April 28, 1997, as supplemented by ruling letter dated September 24, 1997 (the "Prior Ruling Letter"). Additional information was submitted in a letter dated July 13, 1998.

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

After consummation of the transactions described in the Prior Ruling Letter, information and documentation was received showing that FCorp 2 suffered significant unanticipated reversals in the US operations of Business Y due to litigation losses and Page 2 PLR-109625-98

poor operating results. Subsequent to the submission of the current supplemental ruling request, a cash offer was made for all of the stock of Controlled 2 by Purchaser. Thereafter, the FCorp 2 shareholders approved the sale of all of the stock of Controlled 2 to Purchaser, including the assumption by Purchaser of all liabilities of the Controlled 2 Group, and the termination of the FCorp 2 Share Purchase Plan.

Based solely on the information and documentation submitted, it is held as follows:

The disposition of all of the stock of Controlled 2 to Purchaser, as described above, will have no adverse effect on any of the rulings set forth in the Prior Ruling Letter, and those rulings will remain in full force and effect.

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

It is important that a copy of this letter be attached to the federal income tax returns of the taxpayers involved for the taxable year in which the transaction covered by this letter is consummated.

> Sincerely yours, Assistant Chief Counsel (Corporate)

By _____ Howard W. Staiman Assistant to the Chief, Branch 1