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Date:
December 21, 1999

Re:

Parent =

Intermediate #1 =

Intermediate #2 =

Holding =

Acquiring =

Target =

Target Sub =

a% =

b% =

This is in response to a letter dated July 9, 1999 and various supplemental submissions in which you requested rulings on behalf of Parent, Holding, Acquiring, and Target with respect to a proposed transaction. The information submitted is summarized below.

Parent is a publicly traded corporation and the common parent of an affiliated group that files a consolidated federal income tax return, using the accrual method. Parent owns all of the issued and outstanding stock of Intermediate #1. Intermediate #1 owns all of the issued and outstanding stock of Intermediate #2. Intermediate #2 in turn owns all of the issued and outstanding stock of Holding. Holding owns all of the outstanding stock of Acquiring and

Target. Acquiring and Target are stock life insurance companies subject to taxation under Part I of subchapter L of the Internal Revenue Code (the "Code"). Intermediate #1, Intermediate #2, Holding, and Acquiring join in the filing of the Parent group's consolidated federal income tax return. Because Target is a life insurance company that has not been affiliated with the Parent group for the five-year period required by section 1504(c)(2)(A) of the Code, it does not join in the filing of the Parent group's consolidated federal income tax return. Target owns all of the stock of Target Sub, an insurance company subject to taxation under Part II of subchapter L of the Code.

In order to consolidate the insurance businesses of Acquiring and Target within a single company and to isolate the value of Target's charter and insurance licenses for resale to an unrelated purchaser, Parent proposes the following transaction: Target will transfer substantially all its assets (the "Transferred Assets") to Acquiring, pursuant to a Plan of Reorganization, a "Reinsurance Agreement," and an "Assignment Agreement," described below. Specifically, Target will transfer all of Target's assets except its charter, state insurance licenses, and those assets required under state law to satisfy minimum capital requirements (collectively, the "Retained Assets") to Acquiring in constructive exchange for Acquiring stock and the assumption by Acquiring of Target's liabilities. The assets transferred to Acquiring will constitute substantially all of Target's assets held by Target immediately prior to the proposed transaction. Target and Acquiring will file the statement described in § 1.381(b)-1(b)(3) of the Income Tax Regulations (the "Regulations"). Under that statement, the effective date of the Reinsurance Agreement and the Assignment Agreement, in which substantially all of the Target assets are transferred to Acquiring, is the "date of transfer" of the reorganization for purposes of section 381(b) of the Code.

The Reinsurance Agreement will contain terms specifying that it is unlimited in duration and may not be unilaterally canceled by either party. Further, Target will retain no right to (and will not) recapture any of the insurance business ceded to Acquiring. The Reinsurance Agreement will provide for the transfer of Target's insurance business (consisting of both the assets and the liabilities) to Acquiring. Under the Reinsurance Agreement, the "transfer" of Target's insurance policies and liabilities relating thereto will be accomplished through either "assumption reinsurance" (where practicable) or "coinsurance" (where assumption reinsurance is not practicable). It is anticipated that approximately a% of Target's policies (measured by insurance reserves) will be transferred to Acquiring through the assumption reinsurance provisions of the Reinsurance Agreement, and the remaining b% will be transferred to Acquiring through the coinsurance provisions.

Pursuant to the assumption reinsurance provisions of the Reinsurance Agreement, Acquiring will assume from Target all of the liabilities arising under the insurance policies issued or reinsured by Target that are subject to transfer by assumption reinsurance. For all purposes, Acquiring will become the issuer of those policies, and will be entitled to all future premiums and any other income arising with respect to them. Target will transfer all of its assets held in connection with its liabilities arising under those policies, including its insurance reserves maintained with respect to them. Those assets will have a fair market value approximately equal to the insurance liabilities (i.e., reserves) assumed by Acquiring pursuant to the assumption reinsurance provisions. Where a policy is transferred through assumption reinsurance, a novation of the insurance contract between the transferor (Target) and the policyholder occurs and the transferee (Acquiring) replaces the transferor (Target) as the insurer

under the policy. Thus, Acquiring will succeed to 100% of Target's liabilities under the policies transferred through assumption reinsurance.

Pursuant to the coinsurance provisions of the Reinsurance Agreement, Target will assume, by this contract, all of Target's liabilities arising under the remaining insurance policies issued or reinsured by Target. With respect to these insurance policies, Acquiring will acquire the assets in relation to the reserves with respect to the policies (and establish such reserves) and the right to all future premiums and any other income (or loss) with respect to such policies. The assets transferred to Acquiring will have a fair market value approximately equal to the insurance liabilities (i.e., the reserves) assumed by Acquiring through these coinsurance provisions. Correspondingly, Acquiring will be liable for 100% of the obligations under those policies. Although the coinsurance provisions of the Reinsurance Agreement cannot result in a novation of Target's liabilities thereunder, Target will effectively become liable under those policies only if Acquiring fails to satisfy its obligations with respect to the coinsured policies.

Acquiring will establish appropriate reserves with respect to both assumptively reinsured policies and coinsured policies. Acquiring will fully take over Target's insurance business.[1] Acquiring will also fully assume the administration of all of the insurance policies (whether transferred through the assumption reinsurance provisions or the coinsurance provisions), including the billing and collection of premiums on existing policies and the payment, defense, and settlement of policy claims. Thus, pursuant to the Reinsurance Agreement, Acquiring will, in effect, replace Target as the insurer of the assumptively reinsured and the coinsured policies.

The assignment agreement will provide for Target's transfer to Acquiring of all assets and liabilities of Target other than (i) those assets and liabilities transferred to Acquiring pursuant to the Reinsurance Agreement and (ii) the Retained Assets. Thus, for example, the stock of Target Sub will be transferred to Acquiring pursuant to the Assignment Agreement.

Together, the Reinsurance Agreement and the Assignment Agreement are designed to transfer all of Target's assets (other than the Retained Assets) to Acquiring and for Acquiring's assumption of all of Target's liabilities. Pursuant to the Plan, Acquiring will constructively convey Acquiring stock to Target and Target will constructively distribute such stock to Holding.

As soon as practicable, but in no event later than twelve months following the effective date of the Reinsurance Agreement and the Assignment Agreement, Holding will either (1) sell the stock of Target to an unrelated purchaser (a "Purchaser") in a transaction for which a section 338(h)(10) election will be made or (ii) liquidate and dissolve Target under state law.

The following representations have been made in connection with the proposed transaction:

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[1] Thus, Acquiring will be obligated to issue policies or certificates to be issued under group policies that were applied for and approved by Target but not yet issued to the applicant prior to the effective date of the Reinsurance Agreement.

1. The fair market value of the Acquiring stock and other consideration constructively received by Holding will be approximately equal to the fair market value of the Target stock deemed surrendered in the exchange.

2. There is no plan or intention by Holding to sell, exchange, or otherwise dispose of a number of shares of Acquiring stock constructively received in the transaction that would reduce its ownership of Acquiring stock to a number of shares having a value, as of the date of the transaction, of less than 50 percent of the value of all of the formerly outstanding stock of Target as of the same date. Moreover, shares of Target stock and shares of Acquiring stock held by Holding and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.

3. Acquiring will acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Target immediately prior to the transaction. For purposes of this representation, amounts used by Target to pay its reorganization expenses, and all redemptions and distributions (except for regular, normal dividends) made by Target immediately preceding the transfer will be included as assets of Target held immediately prior to the transaction.

4. After the transaction, Holding will be in control of Acquiring within the meaning of section 368(a)(2)(H) of the Code.

5. Acquiring has no plan or intention to reacquire any of its stock issued in the transaction.

6. Acquiring has no plan or intention to sell or otherwise dispose of any of the assets of Target acquired in the transaction, except for dispositions made in the ordinary course of business.

7. The liabilities of Target assumed by Acquiring and the liabilities to which the Transferred Assets of Target are subject were incurred by Target in the ordinary course of its business and are associated with the assets transferred.

8. Following the transaction, Acquiring will continue the historic business of Target or use a significant portion of Target’s historic business assets in a business.

9. At the time of the transaction, Acquiring will not have outstanding any warrants, options, convertible securities, or any other type of right pursuant to which any person could acquire stock in Acquiring that, if exercised or converted, would affect Holding’s acquisition or retention of control of Acquiring, as defined in section 368(a)(2)(H) of the Code.

10. Acquiring, Target, and Holding will pay their respective expenses, if any, incurred in connection with the transaction.

11. There is no intercorporate indebtedness existing between Target and Acquiring that was issued, acquired, or will be settled at a discount.

12. No two parties to the transaction are investment companies as defined in section 368(a)(2)(F)(iii) and (iv) of the Code.

13. The fair market value of the assets of Target transferred to Acquiring will equal or exceed the sum of the liabilities assumed by Acquiring, plus the amount of liabilities, if any, to which the Transferred Assets are subject.

14. The total adjusted basis of the assets of Target transferred to Acquiring will equal or exceed the sum of the liabilities assumed by Acquiring, plus the amount of liabilities, if any, to which the Transferred Assets are subject.

15. Target is not under the jurisdiction of a court in a title 11 or similar case within the meaning of section 368(a)(3)(A) of the Code.

16. Target will retain its corporate charter, insurance licenses, and those assets necessary to satisfy state law minimum capital requirements to maintain corporate existence.

17. For purposes of the representation that Acquiring will acquire at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Target immediately prior to the transaction, the Retained Assets will be included as assets of Target held immediately prior to the transaction.

18. The sole purpose for having Target maintain its corporate existence under state law is to isolate Target's charter for resale to an unrelated purchaser. For purposes of this representation, an unrelated purchaser is a purchaser that did not own, actually or constructively pursuant to section 318(a) of the Code as modified by section 304(c)(3), any stock of Target prior to the reorganization or does not own, actually or constructively pursuant to section 318(a) as modified by section 304(c)(3), any stock of Acquiring subsequent to the reorganization.

19. To the extent reasonably practicable, Target will transfer its insurance business to Acquiring via assumption reinsurance.

20. To the extent Target's insurance business cannot reasonably be transferred to Acquiring via assumption reinsurance, the transfer will occur through a 100% coinsurance agreement.

21. The reinsurance agreement will contain terms specifying that it is unlimited in duration and may not be unilaterally canceled by either party.

22. The assumption reinsurance and 100% coinsurance transfer combined will effect a transfer from Target to Acquiring of all of Target's existing insurance business as of the date of the transfer.

23. Target will retain no right to (and will not) recapture any of the insurance business ceded to Acquiring.

24. Immediately after the reinsurance transfer, Acquiring will in fact be solely responsible for any of the liabilities of Target on all insurance contracts and annuities issued by, or reinsured by, Target as of the date of the transfer.

25. Following the transfer of Target's insurance business to Acquiring, Target will not

issue any new business until after the sale of the Target stock to a Purchaser.

26. Following the transfer of Target's insurance business to Acquiring, neither Target nor Acquiring will modify the terms of the reinsurance agreement except as required by regulatory authority or by law.

27. Pursuant to Treas. Reg. § 1.381(b)-1(b)(2), Target and Acquiring will file the statement described in Treas. Reg. § 1.381(b)-1(b)(3) providing that the date of transfer for purposes of section 381(a)(2) and section 381(c) shall be the date on which the Reinsurance Agreement and the Assignment Agreement are effective and Target thereby transfers the Transferred Assets to Acquiring.

28. If Holding sells the stock of Target to a Purchaser, the purchase of Target stock will be a qualified stock purchase as defined in section 338(d)(3) of the Code.

29. If Holding sells the stock of Target to a Purchaser, Holding and the Purchaser will make a joint election under section 338(h)(10) of the Code by the 15th day of the 9th month beginning after the month in which the purchase occurs.

30. If Target is dissolved, then in accordance with the plan or reorganization, the minimum capital will be received by Target's shareholders in a distribution to which section 356 and 361(c) of the Code apply or received by Acquiring in a transfer to which section 361(a) applies.

Section 381(a) provides that if a corporation acquires the assets of another corporation in a transfer to which § 361 (relating to nonrecognition of gain or loss to corporations) applies, the acquiring corporation succeeds to and takes into account, as of the close of the date of transfer, the items of the transferor corporation described in § 381(c), subject to the conditions and limitation specified in § 381(b) and (c). This treatment is allowed only if the transfer is made in connection with a reorganization described in, inter alia, § 368(a)(1)(D).

Section 381(c)(22) provides that if the acquiring corporation is an insurance company taxable under subchapter L, it must take into account those items of the transferor corporation required to be taken into account for purposes of subchapter L (to the extent proper to carry out the purposes of § 381(a) and subchapter L, and under such regulations as may be prescribed by the Secretary).

Section 1.381(c)(22)-1(a) of the regulations requires the acquiring corporation to take into account the reserves (described in former § 810(c) (now § 807(c)) transferred to it as of the close of the date of transfer in accordance with the provisions of § 381(c)(4) and the regulations thereunder.

Section 1.381(c)(22)-1(b) of the regulations provides, in part, that if a transferor corporation that is a life insurance company is acquired by a corporation which is a stock life insurance company in a transaction to which § 381(a) applies, the acquiring corporation shall take into account as of the close of the date of transfer by the transferor corporation the dollar balances in the shareholders surplus account, the policyholders surplus account, and other accounts. The dollar balance in the policyholders surplus account shall reflect the amount (if

any) treated as a subtraction from such account by reason of the application of the limitation provided under former § 815(d)(4) immediately prior to the close of the date of transfer.

Section 807(c) lists certain items, any decrease or increase between the operating and closing balances of which, pursuant to § 807(a) or (b), must be taken into account as gross income under § 803(a)(2) or as a deduction under § 805(a)(2), respectively.

Section 801(a) imposes a tax on life insurance company taxable income. Section 801(c) provides that § 815 governs the taxation of distributions to shareholders from a pre-1984 policyholders surplus account. Under § 815(a), the amount of any direct or indirect distribution from an "existing policyholders surplus account" during a taxable year is added to life insurance company taxable income for that year for purposes of the tax imposed by § 801(a). If the life insurance company's taxable income is less than zero, the company still must pay the tax imposed by § 801(a) on the amount of any direct or indirect distribution from an existing policyholders surplus account. For these purposes, an indirect distribution does not include any bona fide loan with arms-length terms and conditions.

Section 815(e) defines the term "existing policyholders surplus account" as any policyholders surplus account that has a balance as of the close of December 31, 1983. Section 815(d) directs each stock life insurance company that has an existing policyholders surplus account to continue the account, and forbids any additions to the account for any taxable year beginning after December 31, 1983. Section 815(c) directs each stock life insurance company that has an existing policyholders surplus account to continue its shareholders surplus account.

Section 815(b) provides that any distribution to shareholders should be treated as made - - (1) first out of the shareholders surplus account, to the extent thereof, (2) then out of the policyholders surplus account, to the extent thereof, and (3) finally, out of other accounts.

Section 815(f) applies § 815(d), (e), (f), and (g) (as in effect before the enactment of the Tax Reform Act of 1984) to any existing policyholders surplus account, except to the extent inconsistent with the provisions of Part I of subchapter L. At that time, § 815(f) (with certain exceptions not pertinent here) defined the term "distribution" as any distribution in redemption of
stock or in partial or complete liquidation of the corporation. Section 815(d)(2), which governed the termination of life insurance company status, excluded transactions to which § 381(c)(22) applies from the general rule of including the remaining balance of the policyholders surplus account in income in the company's last taxable year as a life insurance company.

In lieu of identifying the categories of expenses that must be capitalized, § 848(c)(1) of the Code requires that a company capitalize so much of the general deductions for the taxable year as do not exceed specified percentages of net premiums with respect to three different types of insurance contracts ("specified insurance contracts") described in § 848(e).

Section 848(d)(1) of the Code provides that, with respect to each category of specified insurance contracts, net premiums equal the excess, if any, of the gross amount of premiums and other consideration for the contracts, over the sum of return premiums and premiums incurred for the reinsurance of the contracts.

Based solely on the information submitted and the representations set forth above, and provided that (1) the Reinsurance Agreement is of unlimited duration and may not be unilaterally canceled by either Target or Acquiring and (2) Target will retain no right to (and will not) recapture any of the insurance business ceded to Acquiring, it is held as follows:

1. For Federal income tax purposes, Acquiring will be treated as having issued stock to Target in exchange for substantially all of Target's assets, and such stock will be treated as having been transferred by Target to Holding in exchange for Target stock. Rev. Rul. 70-240, 1970-1 C.B. 81. The transfer by Target to Acquiring of substantially all of its assets in constructive exchange for common stock of Acquiring and the assumption by Acquiring of the liabilities of Target will constitute a reorganization within the meaning of section 368(a)(1)(D) of the Code. For purposes of this ruling, "substantially all" means at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets of Target. Target and Acquiring will each be "a party to a reorganization" within the meaning of section 368(b) of the Code.

2. If the stock of Target is sold to a Purchaser pursuant to a section 338(h)(10) election within twelve months following the effective date of the Reinsurance Agreement and the Assignment Agreement, as described above, then to satisfy the distribution requirement of section 354(b)(1)(B), the proceeds of the deemed asset sale will be deemed distributed to Holding.

3. No gain or loss will be recognized to Target on the constructive distribution of Acquiring stock in exchange for the stock of Target, or on the deemed distribution of the proceeds of the sale of Target stock pursuant to a section 338(h)(10) election, as described above. However, if instead of selling the stock of Target to a purchaser, Holding causes Target to liquidate, Target will recognize gain on the distribution of the Retained Assets. Sections 361(c)(1) and (2).

4. No gain or loss will be recognized by Target upon the transfer of its assets to Acquiring in constructive exchange for Acquiring stock and the assumption by Acquiring of the liabilities of Target. Sections 361(a) and 357(a).

5. Acquiring will recognize no gain or loss upon its receipt from Target of the Transferred Assets in constructive exchange for Acquiring stock. Section 1032(a).

6. Acquiring's basis in each asset of Target will be the same as the basis of the asset in the hands of Target immediately before its transfer. Section 362(b).

7. Acquiring's holding period in each asset received from Target will include the holding period of that asset in the hands of Target immediately before its transfer. Section 1223(2).

8. Acquiring will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Target as of the date of transfer. (Section 381(c)(2); Treas. Reg. §§ 1.381(c)(2)-1 and 1.381(b)-1(b)(2)). Any deficit in earnings and profits of Target will be used only to offset earnings and profits accumulated after the date of transfer.

9. Gain, if any, realized by Holding, which will receive either the proceeds of the deemed asset sale pursuant to section 338(h)(10) or the Retained Assets in exchange for Target stock (in addition to its constructive receipt of Acquiring stock), will be recognized, but not in excess of the amount of the sum of such proceeds or of the fair market value of the Retained Assets. Section 356(a)(1). If the exchange has the effect of the distribution of a dividend (determined with the application of section 318(a)), then the amount of the gain recognized that is not in excess of the shareholder's ratable share of undistributed earnings and profits will be treated as a dividend. Section 356(a)(2). The determination of whether the exchange has the effect of the distribution of a dividend will be made in accordance with the principles set forth in Commissioner v. Clark, 489 U.S. 726 (1989). No loss will be recognized on the exchange. Section 356(c).

10. The basis of the shares of Acquiring common stock held by Holding after the transaction will be increased by an amount equal to the basis of the Target stock treated as surrendered, decreased by either the sum of the proceeds of the deemed asset sale pursuant to section 338(h)(10) or the fair market value of the Retained Assets and increased by the amount, if any, that is treated as a dividend and by the amount of gain recognized by Holding, if any, that is not treated as a dividend. Section 358(a)(1).

11. Holding's basis in the Retained Assets received from Target in the distribution (if Target is liquidated) will be their fair market value on the date of such exchange. Section 358(a)(2) of the Code and section 1.358-1(a) of the Regulations.

12. The transactions pursuant to the reorganization shall result in a subtraction (as of the date of transfer of the Transferred Assets to Acquiring) out of Target's shareholders surplus account, policyholders surplus account, or any other accounts, as the case may be, limited to an amount equal to the sum of (i) the fair market value of the Retained Assets (see Rev. Rul. 95-19, 1995-1 C.B. 143), (ii) the fair market value of other items, if any, directly or indirectly distributed to shareholders, (iii) the amount by which Target's tax under §§ 55 and 801 is increased by reason of § 815(d)(3) (see also § 815(c)(2) (last sentence) and § 1.815-4 of the regulations), and (iv) any amount treated as a subtraction under prior law § 815(d)(4) (see § 815(f)).

13. In accordance with § 381(a), subject to the conditions and limitations specified in § 381(b) and (c), Acquiring will succeed to and take into account the items and tax attributes of Target described in § 381(c)(22) and § 1.381(c)(22) of the regulations, inter alia, the dollar balances in the shareholders surplus account, policyholders surplus account and any other accounts of Target as of the close of the date of transfer, adjusted as described in ruling (12) above, subject to the tax limitation of prior law § 815(d)(4).

14. For the first taxable year ending after the date of transfer, pursuant to the Plan, Acquiring will include in its reserves as of the beginning of such year for purposes of § 807(a) and (b) the ending balances of the reserves described in § 807(c) which Target held immediately before the transfer, and Acquiring will not take into premium income under § 803(a)(1) any amount with respect to Target's assets transferred to Acquiring.

15. For the taxable year ending on the close of the date of transfer, pursuant to the Plan, Target will include in its reserves as of the close of such year, for purposes of § 807(a) and (b), the ending balances of the reserves described in § 807(c) which Target held immediately before

the transfer, and Target will not be entitled to a deduction under § 803(a) or § 805(a)(6) for transferring assets to Acquiring as consideration for the assumption by Acquiring of liabilities under Target's insurance and annuity contracts.

16. For the first taxable year beginning after the close of the date of transfer, Target will not include in its reserves as of the beginning of such year for purposes of § 807(a) and (b) the ending balances of the reserves described in § 807(c) that Target held immediately prior to the transfer.

17. Pursuant to §§ 381(c)(4) and 381(c)(22), Acquiring will succeed to any capitalized balances of "specified policy acquisition expenses" within the meaning of § 848(c)(1), or any excess negative excess capitalization amounts as defined in § 1.848-2(i)(2) as determined by Target as of the date of transfer. Section 848.

18. Acquiring will not include in net premiums under § 848(d)(1) any amount with respect to Target's assets transferred to Acquiring in consideration of the assumption by Acquiring of liabilities under Target's "specified insurance contracts" within the meaning of § 848(e). Section 848(d)(4).

19. Pursuant to § 807(f)(2), Acquiring will succeed to the balance of any § 807(f) adjustments remaining as of the date of transfer and amortization of any remaining § 807(f) adjustments will commence on the first taxable year of Acquiring beginning after the date of transfer.

20. The assumption by Acquiring of liabilities under insurance contracts issued by Target on or before the date of the Reinsurance Agreement, pursuant to the assumption reinsurance terms of the Reinsurance Agreement, will not be treated as the issuance of new contracts for purposes of §§ 72(e)(4), 72(e)(5), 72(e)(11), 72(q), 72(v), 101(f), 264(a)(4), 7702, and 7702A, provided the terms and conditions of the contracts remain the same. The entering into by Target and Acquiring of the coinsurance agreement provisions of the Reinsurance Agreement, will not be treated as the issuance of new contracts for purposes of §§ 72(e)(4), 72(e)(5), 72(e)(11), 72(q), 72(v), 101(f), 264(a)(4), 7702, and 7702A because coinsurance will not alter the contractual relationship between the policyholders and Target.

21. If Holding sells the stock of Target to a Purchaser, for purposes of making a joint election under section 338(h)(10) with respect to such sale, Holding will be a "selling affiliate" within the meaning of Treas. Reg. § 1.338(h)(10)-1(c)(4) and (d)(1)(ii).

22. If Holding sells the stock of Target to a Purchaser, Holding and Purchaser may make a joint election under section 338(h)(10) to treat the sale of the Target stock as if Target sold all of its remaining assets in a single transaction and immediately liquidated.

23. If instead of selling the stock of Target to a purchaser, Holding causes Target to liquidate, Target's distribution of the Retained Assets will not be treated as a direct or indirect distribution out of Target's shareholders surplus accounts, policyholders surplus account, or other accounts within the meaning of § 815(a), to the extent those accounts were already reduced under ruling (12). See generally, Rev. Rul. 95-19, supra. (last sentence).

The above ruling is predicated on Target's either (a) being sold to a Purchaser pursuant

to a joint section 338(h)(10) election, within twelve months following the effective date of the Reinsurance Agreement and the Assignment Agreement, or (b) being liquidated within that period. No opinion is expressed as to the tax treatment of the transaction under other provisions of the Code or 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 ruling.

This ruling letter is directed only to 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 return of the taxpayers involved for the taxable year in which the transaction covered by this ruling letter is consummated.

Sincerely yours,
Assistant Chief Counsel (Corporate)
By: Lewis K Brickates
Assistant to the Chief, Branch 2