200828035

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

APR 16 2008

Uniform Issue List: 402.07-00

****
****
****

LEGEND:

Company A = ************************
Company B = ************************
Plan X = ************************
Plan Y = ************************
Fund S = ************************
Fund H = ************************
Date 1 = *************************
Date 2 = *************************
Date 3 = *************************
Date 4 = *************************
Date 5 = *************************
Date 6 = *************************
Date 7 = *************************

Dear ********

This letter responds to your representative's letter dated December 22, 2006, as supplemented by correspondence dated November 29, 2007, requesting rulings regarding the tax consequences of the spin-off of a subsidiary by its parent corporation. Your authorized representative has submitted the following facts and representations in support of this request.

On Date 1, in a corporate reorganization pursuant to section 355 of the Internal Revenue Code ("Code"), Company A spun off its branded apparel business into a stand-alone company known as Company B, by issuing a stock dividend of shares of Company B common stock (the "Spin-Off"). In a private letter ruling issued on Date 2, the Office of Associate Chief Counsel (Corporate) ruled that the Spin-Off will qualify for nonrecognition of gain or loss to the shareholders of Company A under section 355(a)(1) of the Code. In that same letter, the Office of Associate Chief Counsel (Corporate) also ruled that the aggregate basis of Company A common stock and Company B common stock (including any fractional interest in Company B common stock) in the hands of shareholders of Company A common stock immediately after the Spin-Off will be the same as the aggregate basis of the Company A common stock held by such shareholders immediately before the Spin-Off, allocated in proportion to the fair market value of each in accordance with section 1.358-2(a)(2) of the Income Tax Regulations ("Regulations").

Following the Spin-Off, Company A and Company B will no longer be part of the same controlled group of corporations within the meaning of section 414(b), (c), (m) or (o) of the Code.

Company A established Plan X, effective Date 3, for the benefit of its employees and the employees of its participating subsidiaries. Plan X consists of a profit sharing plan with a cash or deferred arrangement intended to satisfy the requirements of Code section 401(a) and 401(k), and an employee stock ownership component ("Company A ESOP") that is intended to satisfy the requirements of certain subsections of Code section 409 and Code section 4975(e)(7). Plan X also provides for employer matching contributions. The Company A ESOP is designed to be invested primarily in Company A shares, which are "employer securities" within the meaning of Code section 409(l). The Company A ESOP consists primarily of the assets held in Fund S. The Company A ESOP is leveraged.

Under the terms of Plan X, Company A shares that are held in suspense under the Company A ESOP are released from the suspense account as contributions necessary to enable the Company A ESOP to make principal and interest payments on its outstanding loans are made to the Company A ESOP. Loan repayments are made semi-annually in June and December of each year, and shares are released annually following the December loan repayment. The number of Company A shares released each year bears the same proportion to the number of Company A shares held immediately before the release as the semi-annual loan payments for the year bear to the total remaining loan payments required to be made under the loan.

Under the terms of Plan X, eligible employees may contribute from zero percent to 50 percent of compensation on a pre-tax basis, subject to the limitations of Code Section 402(g); however, highly compensated employees may not contribute more than five percent of compensation. Certain employees also may make after-tax contributions to Plan X.

Participants who make contributions to Plan X also are eligible for employer matching contributions. In addition, participants receive annual allocations based on the employers' required payments of loan principal and interest on the outstanding ESOP loan, with a minimum allocation to each participant of 1.75 percent to 2 percent of compensation.

Plan X is an individual account plan that is intended to comply with section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA"). Each Plan X participant is permitted to direct the investment of assets credited to his or her accounts under Plan X in accordance with the terms of Plan X. Annual employer contributions are invested initially in Fund S. Plan X participants are permitted to elect to invest all contributions to their accounts, and existing account balances, in a diversified array of investment choices, including Fund S, on any business day, subject to the trading restrictions of the particular investment fund. After the Spin-Off, an additional investment fund will hold participants' interests in Company B shares for up to one year; however, participants will not be permitted to make new investments in the fund.

Participants may elect to receive payment of their accounts in a lump sum, a partial distribution, or installments over a period of up to five years. In the case of a former participant in a predecessor plan, certain forms of payment provided for under the predecessor plan also may be available. On termination of employment, participants may elect to receive an in-kind distribution of their interests in Fund S.

Effective Date 5, Company B established Plan Y. As of Date 5, the Plan X accounts of Company B employees were transferred to Plan Y in a direct trustee-to-trustee transfer of assets that satisfied the requirements of Code section 414(l).

Plan Y consists of a profit sharing plan with a cash or deferred arrangement intended to satisfy the requirements of Code section 401(a) and 401(k), and an employee stock ownership component ("Company B ESOP") that is intended to satisfy the requirements of certain subsections of Code section 409 and Code section 4975(e)(7). The Company B ESOP is nonleveraged and is designed to be invested primarily in employer securities within the meaning of Code section 409(l). Before the Spin-Off, the Company B ESOP was comprised of that portion of Plan Y invested in Company A shares; after the Spin-Off, it is comprised of the employer stock fund invested in Company B shares.

Under the terms of Plan Y, eligible employees may contribute from zero percent to 50 percent of compensation on a pre-tax basis, subject to the limitations of Code Section 402(g); however, highly compensated employees may not contribute more than five percent of compensation. With respect to periods after the Spin-Off, each participant's employer may make matching contributions and discretionary profit sharing contributions to Plan Y. All such contributions will be made in cash.

Plan Y is an individual account plan that is intended to meet the requirements of section 404(c) of ERISA. Each Plan Y participant is permitted to direct the investment of assets credited to his or her accounts under Plan Y in accordance with the terms of Plan Y. Participants in Plan Y are permitted to elect to invest contributions to their accounts, and existing account balances, in a diversified array of investment choices, including Fund H, on any business day, subject to the trading restrictions of the particular investment fund. After the Spin-Off, an additional investment fund will hold participants' interests in Company A shares for up to one year; however, participants will not be permitted to make new investments in the fund.

Plan Y participants may elect to receive payment of their accounts in a lump sum, a partial distribution, or installments over a period of up to five years. In the case of a former participant in a predecessor plan, certain forms of payment provided for under the predecessor plan also may be available. Upon termination of employment, participants may elect to receive distribution of amounts invested in Fund H in Company B shares.

As a result of the Spin-Off, Plan X and Plan Y each hold both Company A and Company B Shares. The Plans each provide a one-year period during which participants may voluntarily elect to dispose of their interest in non-employer shares in accordance with ERISA section 404(c).

During Date 6, plan participants were permitted to affirmatively elect to retain their interests in the non-employer shares subsequent to the Spin-Off, i.e., Plan X participants could elect to retain their interest in Company B shares, and Plan Y participants could elect to retain their interest in the Company A shares. If a participant did not elect to retain his or her interest in non-employer shares after the Spin-Off, then that interest was liquidated over the five business days immediately following the Spin-Off, with the proceeds invested immediately thereafter in accordance with the participant's then current investment election. If a participant elected to retain his or her interest in non-employer shares after the Spin-Off, the participant could elect to transfer all or a portion of such interest to another investment fund maintained under the applicable plan at any time during the one-year period following the Spin-Off (Transition Period). If the participant retained an interest in the non-employer shares as of the end of the Transition Period, that interest would be immediately liquidated by the trustee and the proceeds invested in accordance with the participant's current investment election.

When the proceeds of the non-employer shares are reinvested in accordance with the participant's current investment election, if a Plan X participant's current investment election includes an investment in Fund S, the proceeds of the participant's interest in Company B shares will be reinvested in Fund S. Similarly, if a Plan Y participant's current investment election includes an investment in Fund H, the proceeds of the participant's interest in Company A shares will be reinvested in Fund H. In addition, if a participant elects to transfer his or her interest in the non-employer shares during the Transition Period, the participant may elect to invest all or a portion of such interest in the investment fund that constitutes employer securities, i.e., a Plan X participant may elect to transfer all or a portion of his or her interest in Company B shares to Fund S in Plan X, and a Plan Y participant may elect to transfer all or a portion of his or her interest in Company A shares to Fund H in Plan Y.

Company A and Company B intend to provide the Transition Period to (a) give participants sufficient time to liquidate their interests in non-employer shares, (b) permit a smooth transition, and (c) avoid adversely affecting the market for Company A or Company B shares by requiring the sale of a significant number of shares at one time. After the Spin-Off, Plan X will not acquire additional Company B Shares and Plan Y will not acquire additional Company A shares.

Under subsection 5.06 of Plan X, eligible participants are entitled to a minimum allocation of the Company A shares released each calendar year as the Company A ESOP's loan is repaid. This allocation is provided by the employers through a loan repayment contribution to Plan X and a release of Company A shares from the suspense account in Plan X. The employer's contribution under subsection 5.06 is determined and allocated in April of the year following the year to which the contribution applies.

For , it is proposed that Company B employees as of the Spin-Off participate in the allocation of the Company A ESOP release for based on their eligible compensation through the Spin-Off. Further, in lieu of releasing Company A shares with respect to the Company B employees, it is proposed that Company B Shares be released from the suspense account to eligible employees. Once the minimum allocation has been completed, in Date 7, the Company B Shares released to the Company B employees will be transferred to Plan Y in a subsequent trustee-to-trustee transfer intended to satisfy the requirements of

Code section 414(l), and such shares will be invested as part of Fund H.

Once the allocation has been completed and the appropriate number of Company B Shares has been released from the suspense account with respect to Company B employees in Plan X, then any remaining Company B Shares held in the suspense account will be liquidated and reinvested in Company A Shares.

Based on the foregoing facts and representations, your authorized representatives have requested the following rulings:

1. The Company B shares acquired by Plan X as a result of the Spin-Off will be "securities of the employer corporation" for purposes of Code Section 402(e)(4), and the net unrealized appreciation in such shares may be excluded from gross income upon distribution by Plan X to the extent provided in Code section 402(e)(4).

2. For purposes of determining net unrealized appreciation under Code section 402(e)(4), the basis of Company A shares and Company B shares held by Plan X will be determined by allocating the basis of the Company A shares immediately before the Spin-Off between the Company A shares and the Company B shares held immediately after the Spin-Off in proportion to their relative fair market values, in accordance with Code section 358.

3. With respect to a Plan X participant whose interest in Company B shares was liquidated over the five business days beginning on the Spin-Off, to the extent the proceeds were reinvested in Fund S immediately after the end of the five-day period, such disposition and reinvestment shall constitute an exchange of "securities of the employer corporation" for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition. With respect to any other Plan X participant, to the extent the participant's interest in Company B shares is disposed of and the proceeds immediately reinvested in Fund S, either at the participant's election during the Transition Period or pursuant to applicable Plan X provisions at the end of the Transition Period, such disposition and reinvestment shall also constitute an exchange of "securities of the employer corporation" for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition.

4. With respect to Company B shares in the suspense account under Plan X, to the extent the Company B shares are disposed of and the proceeds reinvested by the trustee in Company A shares, such disposition and reinvestment shall constitute an exchange of "securities of the employer corporation" for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition.

5. In the event that Plan X disposes of Company B shares and reinvests the proceeds in Company A shares, for purposes of determining net unrealized appreciation under Code section 402(e)(4), the basis of the Company A shares purchased with the proceeds of the Company B shares sold by Plan Y will be equal to the basis of the Company B shares sold.

6. For purposes of allocating employer contributions under the Company A ESOP to eligible participants in Plan X (including Company B employees eligible for a minimum allocation for) after the Spin-Off, any Company B shares held in the suspense account will be taken into consideration when determining the release of Plan X assets held in suspense (consisting of Company A and Company B shares) under Code section 4975. The number of Company B shares to be released will bear the same proportion to the total Company B shares held in suspense immediately before the release as the number of Company A shares to be released bears to the number of Company A shares held in suspense immediately before the release. Such Company B shares may then be allocated in kind to eligible participants or converted (based on the fair market value thereof) to an equivalent number of Company A shares for allocation.

7. To the extent that Plan X disposes of the Company B shares received pursuant to the Spin-Off and reinvests the proceeds in Company A shares, dividends paid on such Company A shares that are used to repay an exempt loan will be treated as "applicable dividends" under Code Section 404(k)(2)(A)(iv) and will be deductible by Company A under Code section 404(k) to the same extent that dividends paid with respect to the original Company A shares purchased with proceeds of the exempt loan are deductible by Company A.

Code section 402(e)(4)(A) states, in pertinent part that, for purposes of sections 402(a) and 72, in the case of a distribution other than a lump sum distribution, the amount actually distributed to any distributee from a trust described in section 402(a) shall not include any net unrealized appreciation in securities of the employer corporation attributable to amounts contributed by the employee.

Code section 402(e)(4)(B) states, in pertinent part that, for purposes of sections 402(a) and 72, in the case of any lump sum distribution which includes securities of the employer corporation, there shall be excluded from gross income the net unrealized appreciation attributable to that part of the distribution which consists of securities of the employer corporation.

Code section 402(e)(4)(E)(ii) provides in pertinent part that, for purposes of section 402(e), the term "securities of the employer corporation" includes securities of a parent or subsidiary corporation (as defined in subsections (e) and (f) of Code section 424) of the employer corporation.

Code section 402(j) provides a special rule for certain transactions. Code section 402(j)(2) states, that for section 402(e)(4) purposes, the determination of net unrealized appreciation will not apply to any transaction where a plan trustee disposes of securities of the employer corporation and uses the proceeds of such disposition to acquire securities of the employer corporation within 90 days.

Section 1.402(a)-1(b)(2)(i) of the Regulations provides that the amount of net unrealized appreciation in securities of the employer corporation that are distributed by the trust is the excess of the market value of such securities at the time of distribution over the cost or other basis of such securities to the trust.

Section 1.402(a)-1(b)(2)(ii) of the Regulations sets forth the manner in which the cost or other basis to the trust of a distributed security of the employer corporation is calculated for the purpose of determining the net unrealized appreciation on such security.

Under section 1.402(a)-1(d)(2) of the Regulations neither employee salary deferrals made pursuant to a cash or deferred arrangement nor matching contributions are treated as employee contributions for purposes of Code section 402(e)(4).

In Revenue Ruling 73-29, 1973-1 C.B. 198, securities of an employer corporation held by its qualified plan were transferred to the qualified trust of an unrelated corporation when the first employer sold part of its business and transferred some of its employees to an unrelated corporation. It was held that shares of stock of the seller corporation distributed from the buyer's qualified trust to employees of the buyer corporation who are former employees of the seller corporation are securities of the employer corporation and will always be securities of the employer corporation even after those shares and the employees in whose accounts they were held were transferred to an unrelated corporation.

In Revenue Ruling 80-138, 1980-1 C.B. 87, the Service held that the transfer of employer securities from an exempt trust maintained by a parent corporation and its subsidiary to a newly established exempt trust of the subsidiary will not change the basis of the securities for purposes of computing net unrealized appreciation in the securities because the transfer is not a taxable event.

With respect to ruling request 1, Company B was a wholly-owned subsidiary of Company A before the Spin-Off. Therefore, before the Spin-Off, Company B shares constituted "securities of the employer corporation" within the meaning of Code section 402(e)(4)(E). Pursuant to and simultaneously with the Spin-Off, Company B ceased to be a subsidiary of Company A. However, the Company B shares distributed to Plan X and Plan Y pursuant to the Spin-Off represent part of the pre-Spin-Off value of the Company A shares. Accordingly, we conclude that the shares of Company B acquired by Plan X as a result of the Spin-Off will continue to be treated as "securities of the employer corporation" for purposes of Code section 402(e)(4) in accordance with Revenue Ruling 73-29, and the net unrealized appreciation in such shares may be excluded from gross income upon distribution to a participant or beneficiary to the extent provided in section 402(e)(4).

With respect to ruling request 2, Company A has received a private letter ruling from the Office of Chief Counsel stating that the Spin-Off will be tax-free under section 355 of the Code. Section 1.358-2(a)(2) of the Regulations provides that if, as a result of a transaction under section 355, a shareholder who owned stock of only one class before the transaction owns stock of two or more classes after the transaction, then the basis of all the stock held before the transaction is allocated among the stock of all classes held immediately after the transaction in proportion to the fair market values of the stock of each class.

Accordingly, with respect to ruling request 2, we conclude that, for purposes of determining net unrealized appreciation under Code section 402(e)(4), to the extent that the Spin-Off is a tax-free spin-off under Code section 355, the basis of the Company A and Company B shares held by Plan X will be determined by allocating the basis in the Company A shares immediately before the Spin-Off between the Company A shares and the Company B shares held immediately after the Spin-Off in proportion to their relative fair market values in accordance with Code section 358.

With respect to ruling request 3, Code section 402(j) provides, generally, that for purposes of section 402(e)(4), in the case of any transaction in which either (A) the plan trustee exchanges the plan's securities of the employer corporation for other such securities, or (B) the plan trustee disposes of securities of the employer corporation and uses the proceeds of such disposition to acquire securities of the employer corporation within 90 days (or such longer period as the Secretary may prescribe), the determination of net unrealized appreciation shall be made without regard to such transaction. In this case to the extent there is an exchange of Company A shares for Company B shares or there is a disposition of Company A shares followed by the reinvestment of the proceeds in Company B shares, such exchange or disposition will constitute an exchange of "securities of the employer corporation" for purposes of Code section 402(j)(2) so that the determination of net unrealized appreciation shall be made without regard to such exchange or disposition.

In addition, Code section 402(j), by its terms alone, does not expressly prohibit participant-directed transactions. Further, the legislative history (see, Senate Report No. 99-313, at 1040 (1986)) indicates that section 402(j) applies to transactions that are in the exercise of fiduciary duty or are required by ERISA and requires a participant-directed trustee to act in accordance with participant investment directions. Therefore, it is appropriate for participant-directed dispositions and acquisitions of employer securities to be covered by section 402(j), provided that the transactions are completed within the required time frame.

Accordingly, with respect to ruling request 3, with respect to a Plan X participant whose interest in Company B shares was liquidated over the five business days beginning on the date of the Spin-Off, if the proceeds were reinvested in Fund S immediately after the end of the five-day period, such disposition and reinvestment shall constitute an exchange of employer securities for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition.

Similarly, with respect to any other Plan X participant, to the extent the participant's interest in Company B shares is disposed of and the proceeds immediately reinvested in Fund S, either at the participant's election during the Transition Period or pursuant to applicable Plan X provisions at the end of the Transition Period, such disposition and reinvestment shall constitute an exchange of employer securities for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition.

Regarding ruling request 4, we have concluded that Company B shares held by Plan X as a result of the Spin-Off are "securities of the employer corporation" as defined in section 402(e)(4)(E) of the Code for purposes of section 402. Thus, the disposition by Plan X of Company B shares held in the suspense account followed by the reinvestment of the proceeds in Company A shares is a disposition of securities of the employer corporation followed by a reinvestment of the proceeds in securities of the employer corporation. In accordance with section 402(j), if such reinvestment occurs within 90 days (or such longer period as the Secretary may prescribe), the transaction is ignored for purposes of determining net unrealized appreciation with respect to those securities.

Accordingly, we conclude with respect to ruling request 4 that to the extent Plan X disposes of Company B shares received pursuant to the Spin-Off and held in the suspense account and reinvests the proceeds in Company A shares, such disposition and reinvestment will constitute an exchange of securities of the employer corporation for purposes of Code section 402(j)(2) so that the determination of net unrealized appreciation of such Company A shall be made without regard to such exchange or disposition.

With respect to ruling request 5, we have concluded with respect to ruling requests 3 and 4 that to the extent Plan X disposes of Company B shares and the trustee of Plan X reinvests the proceeds of the disposition in Company A shares, such disposition and reinvestment will constitute an exchange of "securities of the employer corporation" for purposes of Code section 402(j)(2), so that the determination of net unrealized appreciation shall be made without regard to such disposition.

Accordingly, with respect to ruling 5, we conclude that, to the extent that Plan X disposes of Company B shares and reinvests the proceeds in Company A shares, for purposes of determining net unrealized appreciation under Code section 402(e)(4), the basis of the replacement Company A shares will be equal to the basis of the Company B shares.

Regarding ruling request 6, section 54.4975-7(b)(8) of the Regulations provides generally that an exempt loan for an ESOP must provide for the release from encumbrance of plan assets used as collateral for the loan. It further provides that for each plan year during the duration of the loan, the number of securities released must equal the number of encumbered securities held immediately before release for the current plan year multiplied by a fraction, the numerator of which is the amount of principal and interest paid for the year and the denominator of which is the sum of the numerator plus the principal and interest to be paid for all future years. Section 54.4975-7(b)(8) provides further that if collateral for the loan includes more than one class of securities, the number of securities of each class to be released for a plan year must be determined by applying the same fraction to each class.

Section 54.4975-11(c) of the Regulations provides that all assets acquired with the proceeds of an exempt loan under section 4975(d)(3) of the Code must be held in the suspense account and withdrawn as if encumbered.

In the present case, Company B shares acquired by Plan X in the Spin-Off were acquired as a result of Plan X's ownership of Company A shares that were acquired with the proceeds of the exempt loan. Thus, for purposes of section 54.4975-11(c) of the Regulations, the Company B shares are treated as if they were also acquired with the proceeds of the exempt loan. Thus, the Company B shares are taken into account in determining the release of assets held in suspense, and in accordance with section 54.4975-7(b)(8) of the Regulations, Company B shares are released by applying the same fraction to them separately as is applied to the Company A shares.

Accordingly, we conclude with respect to ruling request 6, that the number of Company B held in the suspense account will be taken into consideration when determining the number of shares to be released from suspense under section 4975 of the Code, and that the Company B shares to be released will be determined by applying the same fraction as applies to Company A shares. We further conclude that the Company B shares released may then be allocated in kind or be converted to an equivalent number of Company A shares, and the

Company A shares released may be converted to an equivalent number of Company B shares, as determined by the Company A Plan Administrator, for allocation to eligible participants, based on the fair market value of the Company B shares and Company A shares at the time of such allocation.

With respect to ruling request 7, section 404(k) of the Code generally permits a corporation to deduct the amount of any applicable dividend paid in cash by the corporation during the taxable year with respect to employer securities which are held on the record date by an ESOP which is maintained by the corporation paying the dividend or any other member of the same controlled group. Section 404(k)(2)(A)(iv) defines the term "applicable dividend" to include any dividend which, in accordance with plan provisions, is used to make payments on an exempt loan the proceeds of which were used to acquire the employer securities (whether or not allocated to participants) with respect to which the dividend is paid. Section 404(k)(2)(B) provides that a dividend described in section 404(k)(2)(A)(iv), paid with respect to employer securities allocated to a participant, is an applicable dividend only if the plan provides that employer securities with a fair market value of at least the amount of the dividend are allocated to the participant.

Section 404(k)(6)(A) of the Code provides that the term "employer securities" has the same meaning given such term by section 409(l). Under section 409(l) of the Code, the term "employer securities" generally means common stock issued by the employer (or by a corporation which is a member of the same controlled group) which is readily tradable on an established securities market.

In this case, the Company B shares were acquired by Plan X pursuant to the Spin-Off as the direct result of Plan X's ownership of the original Company A shares that were acquired with the proceeds of the exempt loan. The Company B shares held by Plan X after the Spin-Off represent part of the value of the original Company A shares held prior to the Spin-Off and acquired with the proceeds of the exempt loan. Because the Company B shares represent part of the assets acquired with the proceeds of the exempt loan, if Plan X disposes of Company B shares and reinvests the proceeds in Company A shares within a reasonable period of time, the replacement Company A shares will be treated as assets acquired with the proceeds of the exempt loan.

Accordingly, we conclude with respect to ruling request 7, that to the extent Plan X disposes of the Company B shares received pursuant to the Spin-Off and reinvests the proceeds in Company A shares, dividends paid on such Company A shares that are used to repay the exempt loan will be treated as "applicable dividends" under Code section 404(k)(2)(A)(iv) and will be deductible by Company A under section 404(k) to the same extent that dividends paid with respect to the original Company A shares purchased with proceeds of the exempt loan are deductible by Company A.

This ruling letter is based on the assumption that Plan X and Plan Y are qualified under Code section 401(a), that they meet the requirements of Code section 4975(e)(7), and that their related trusts are tax exempt under Code section 501(a) at all relevant times.

No opinion is expressed or implied concerning the tax consequences of the proposed transactions under any other provision of the Code or Regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the proposed transactions that are not specifically covered by the above rulings.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

If you have any questions concerning this ruling, please contact**********

Sincerely,

Donzell H. Littlejohn

Donzell H. Littlejohn, Manager
Employee Plans Technical Group 4

Enclosures:
Deleted copy
Notice 437