

Internal Revenue Service

Department of the Treasury

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Person to Contact:

Telephone Number:

Refer Reply To:
CC:DOM:P&SI:1-PLR-106094-99
Date:
May 7, 1999

Legend

LLC =

Date 2 =

Subsidiary =

State =

\$v =

This letter responds to your March 17, 1999 request that we supplement our letter ruling of October 23, 1998 (PLR-111345-98)(the Prior Letter Ruling). The legend abbreviations, factual summary, and representations appearing in the Prior Letter Ruling are incorporated by reference in this letter unless otherwise indicated. The Prior Letter Ruling addressed issues under §§ 752 and 465 of the Internal Revenue Code regarding the Partnership's incurrence of debt and its use of the debt proceeds to pay some of the Partnership's existing debt obligations.

As described in the Prior Letter Ruling, the Financing originally was issued to nationally recognized underwriters. The underwriters, however, immediately sold the Financing, but only to persons who, to the best knowledge of the Partnership, satisfied certain requirements described in the Prior Letter Ruling (the Initial Purchasers). Each Initial Purchaser agreed, among other things that if it (or the account on behalf of which it purchased an interest in the Financing) resells or transfers its interest in the Financing before the second anniversary of the issuance of the Financing, the interest may only be resold or transferred in accordance with certain transfer restrictions described in the

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Prior Letter Ruling (the Transfer Restrictions). The Partnership represented that prior to the second anniversary of the issuance of the Financing, the Bonds will bear a legend (Legend) referring to the Transfer Restrictions, and transfers of the Bonds will be prohibited unless the transferee acknowledges in writing that it satisfies the requirements of the Transfer Restrictions. In addition, each Initial Purchaser agreed that, prior to the second anniversary of the issuance of the Financing, it must give each subsequent transferee notice of the Transfer Restrictions.

On Date 2, LP formed LLC, a State limited liability company, with a view toward implementing a proposed merger (the Merger) of GP into LLC. LP is the sole managing member of LLC. In addition, Subsidiary, a State corporation and wholly-owned subsidiary of LP, is the sole non-managing member in LLC.

GP and LLC have entered into a definitive Agreement and Plan of Merger (Merger Agreement), pursuant to which (subject to the satisfaction or waiver of the conditions set forth therein) GP would be merged into LLC, with LLC continuing as the surviving company, and each outstanding share of GP common stock would be converted into the right to receive \$y in cash from LLC. If the Merger is consummated, the GP common stock will be canceled, and public trading of the GP common stock will cease.

In order to enhance the liquidity of the Financing, the Partnership will remove the Transfer Restrictions on a prospective-only basis. The Legend will be removed from the Bonds, and all representations of the Partnership made regarding the Prior Letter Ruling that relate to the second anniversary of the issuance of the Financing will be modified to reflect the shorter period ending on the later of (1) nine months after the date of issuance of the Financing or (2) the date of this letter.

The Partnership requests a ruling that the prospective removal of the Transfer Restrictions beginning on the later of (1) nine months after the date of issuance of the Financing or (2) the date of this letter will not change the conclusions contained in the Prior Letter Ruling.

We conclude, based solely on the facts stated above and the representations made regarding the Prior Letter Ruling, that the foregoing facts do not change our conclusions in the Prior Letter Ruling.

Except as specifically set forth above, no opinion is expressed or implied as to the federal income tax consequences of the transactions described above under any other provision of the Code. Specifically, no opinion is expressed regarding the classification for federal tax purposes of the Partnership, GP, LP, LLC, or Subsidiary.

This ruling is directed only to the taxpayer who requested it. Under § 6110(k)(3), this ruling may not be used or cited as precedent.

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

Sincerely yours,

Signed/Daniel J. Coburn
DANIEL J. COBURN
Assistant to the Branch Chief, Branch 1
Office of the Assistant Chief Counsel
(Passthroughs and Special Industries)

Enclosure: 6110 copy