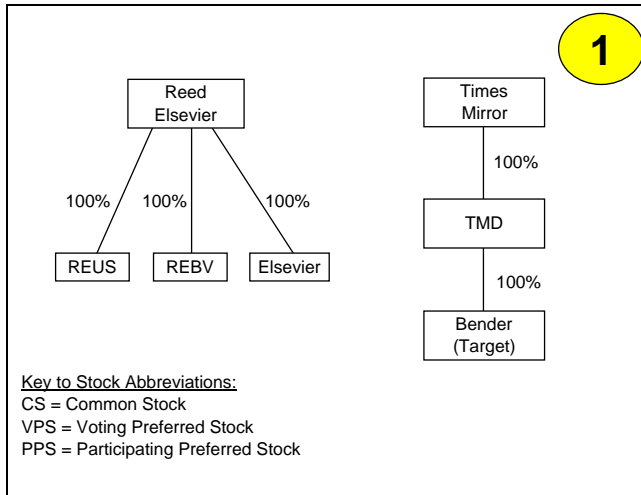
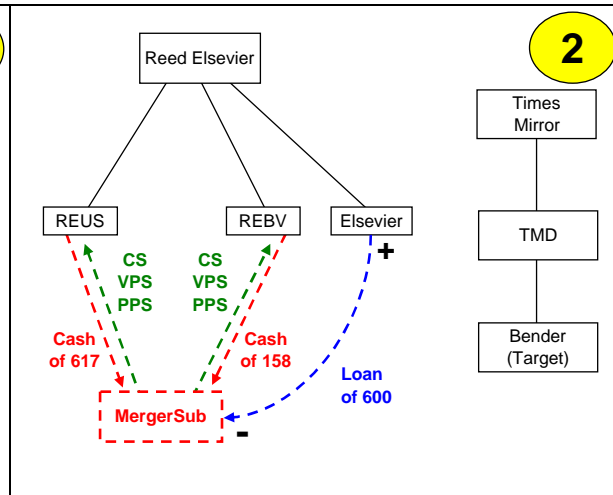


**Taxable Reverse  
Triangular Merger**

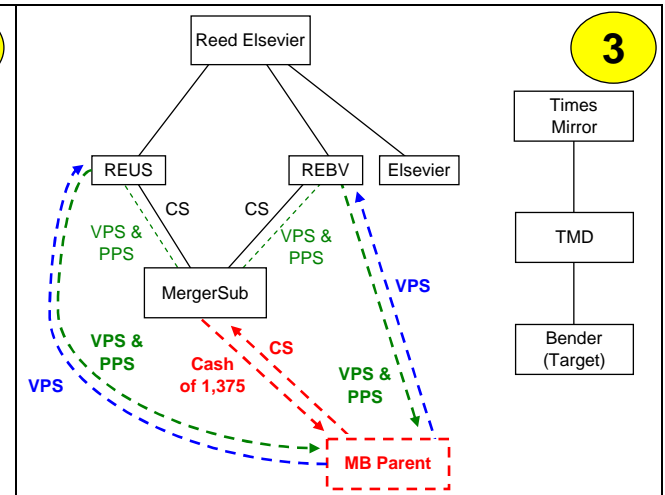
**Initial Structure**



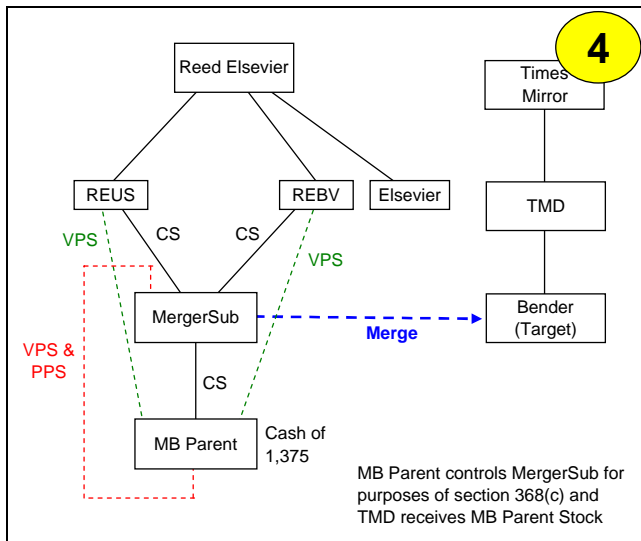
**Capitalization of MergerSub (7/31/98)**



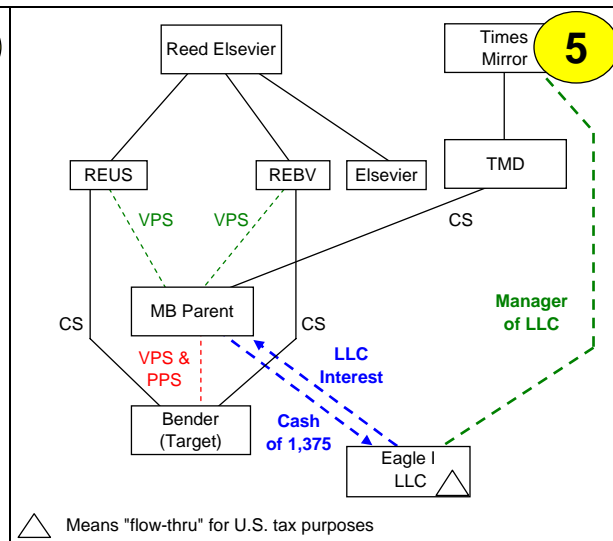
**Capitalization of MB Parent (7/31/98)**



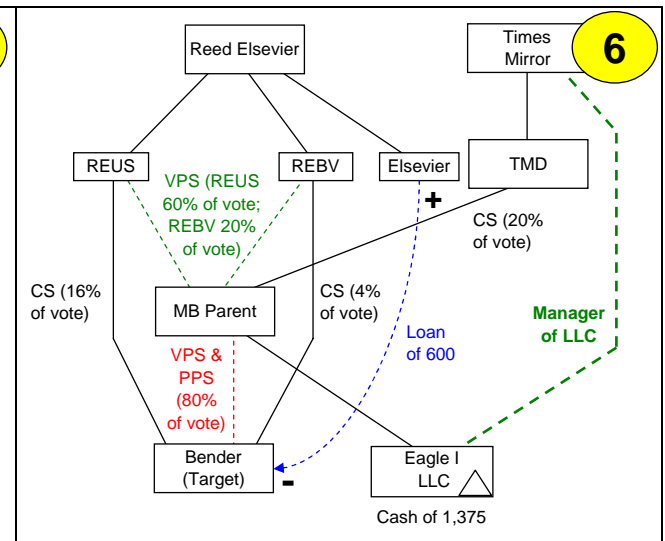
**Merger (7/31/98)**



**LLC Capitalization (7/31/98)**



**Ending Point**



The Tax Court held that TMD's transfer of the Bender stock was not in exchange solely for voting stock and therefore the exchange did not qualify as a reorganization under section 368(a)(1)(B). The court held that "the management authority over the cash in the LLC had far more value to Times Mirror than the MB Parent common stock . . ." Thus, the transaction also did not qualify as a reverse triangular merger under sections 368(a)(1)(A) and 368(a)(2)(E).