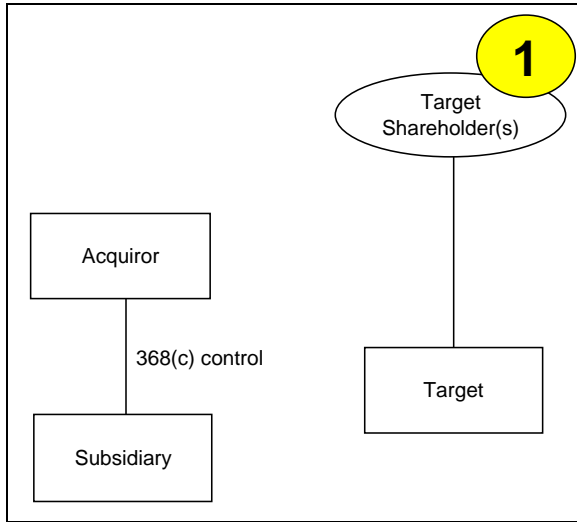
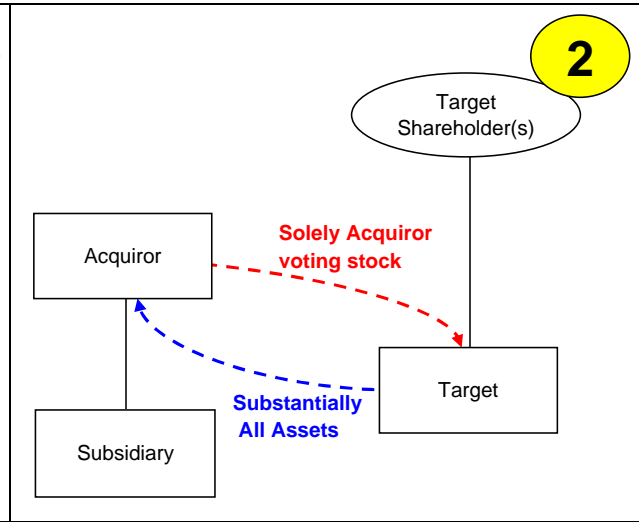


C Reorganization with a Drop

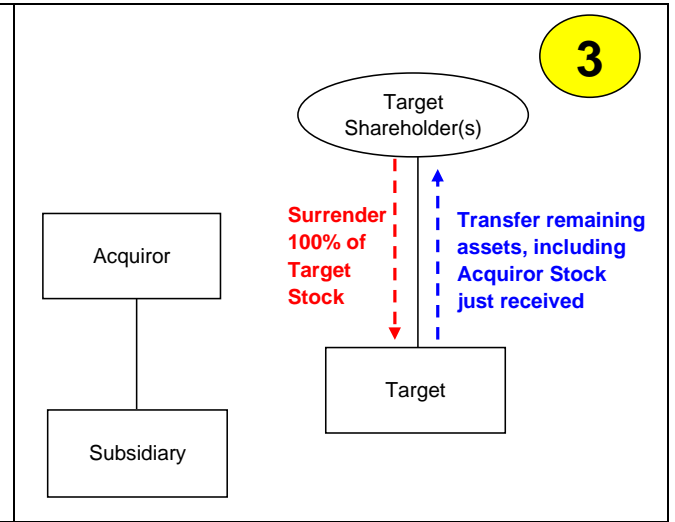
Initial Structure



Target Asset Transfer



Target Liquidation



Nonrecognition Operative Provisions:

Acquiror - section 1032,
Target - section 361(a)

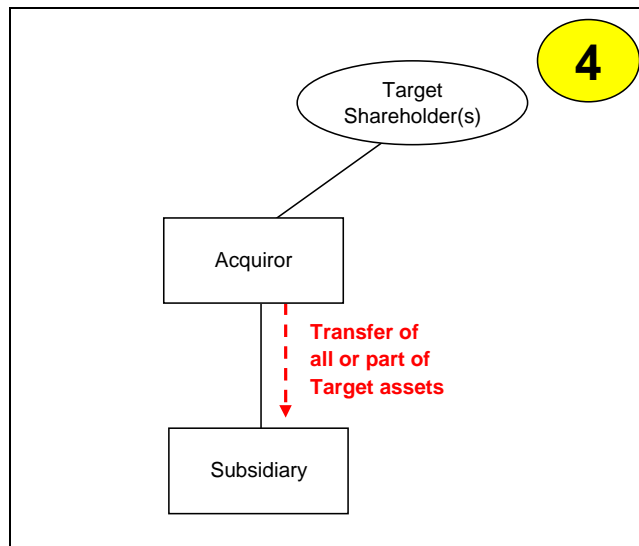
Shareholders - section 354(a)(1),
Target - section 361(c)

Acquiror shareholders omitted for simplicity purposes.

368(a)(1) . . . the term "reorganization" means . . . (C) the acquisition by one corporation, in exchange solely for all or a part of its voting stock . . . of substantially all of the properties of another corporation, but in determining whether the exchange is solely for stock the assumption by the acquiring corporation of a liability of the other shall be disregarded;

368(a)(2)(C) A transaction otherwise qualifying under paragraph . . . (1)(C) . . . shall not be disqualified by reason of the fact that part or all of the assets . . . which were acquired in the transaction are transferred to a corporation controlled by the corporation acquiring such assets

Drop



Ending Point

