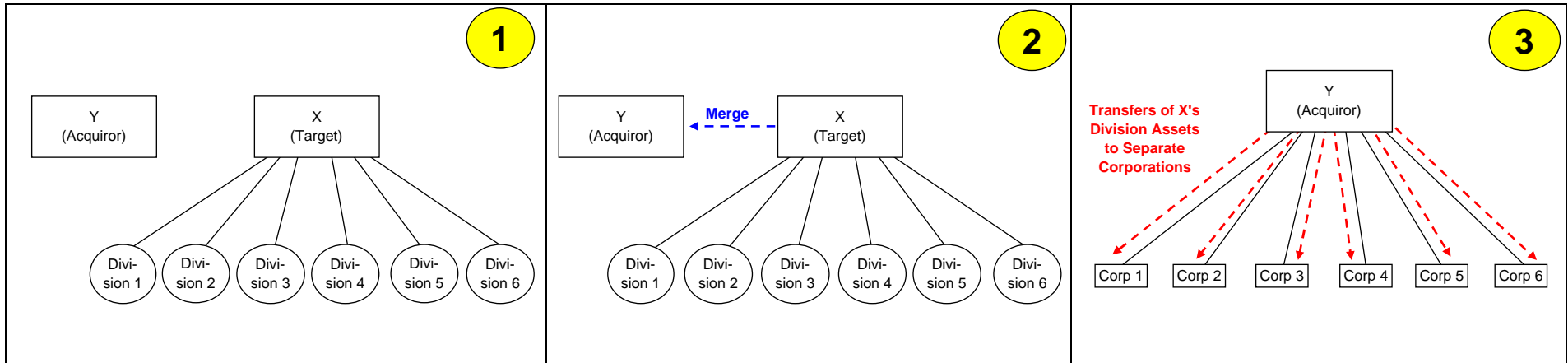


Merger with Drops into Multiple Subsidiaries

Initial Structure

Merger

Drops into Subsidiaries



Section 368(a)(2)(C) provides in pertinent part that a transaction otherwise qualifying as a reorganization under paragraph (1)(A) of section 368(a) of the Code will 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.

The above transaction is a reorganization within the meaning of sections 368(a)(1)(A) and (a)(2)(C) even though the assets were transferred to more than one corporation controlled by the acquiring corporation. See Reg. Sec. 1.368-2(h) which provides that as used in section 368, if the context so requires, the singular includes the plural.

Ending Point

