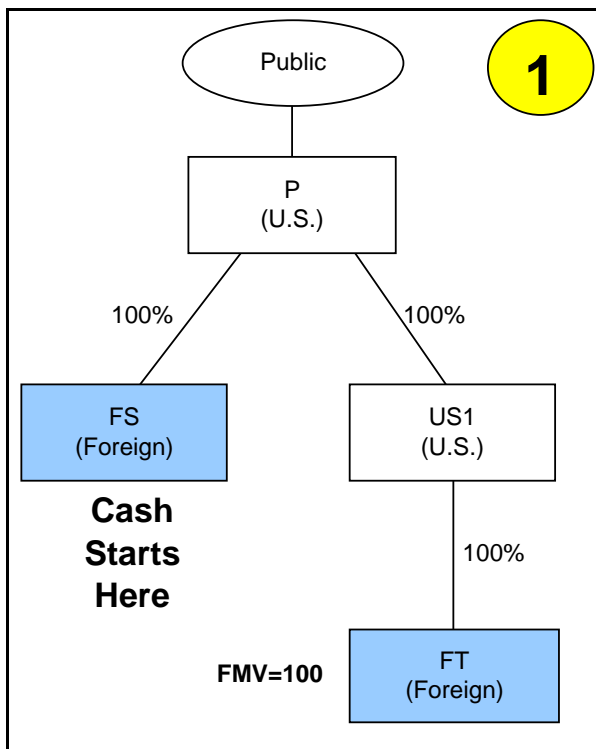


**Temp Reg. 1.367(b)-14T(b)(4),
Example**

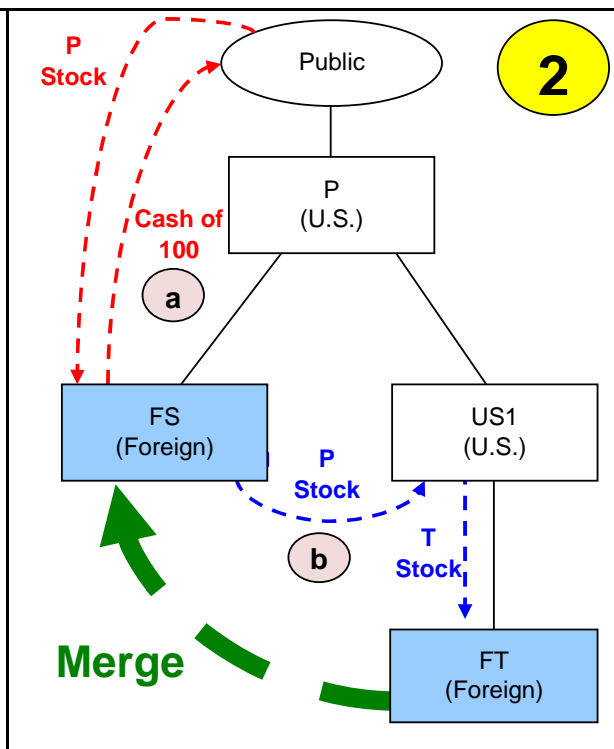
Killer Forward Triangular Merger

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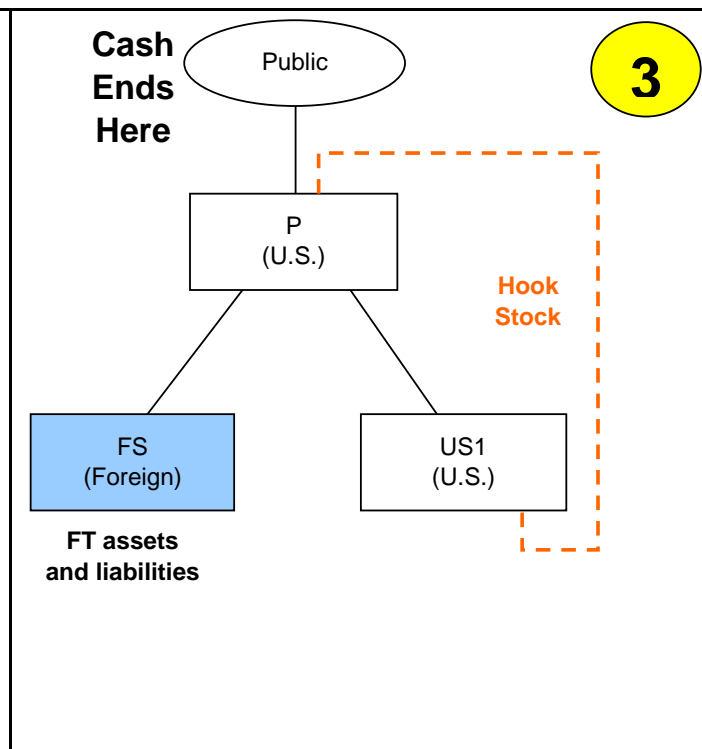
Initial Structure



Forward Triangular Merger



Ending Point



P, a publicly traded domestic corporation, owns all of the outstanding stock of FS, a foreign corporation, and all of the outstanding stock of US1, a domestic corporation that is a member of the P consolidated group. US1 owns all of the outstanding stock of FT, a foreign corporation, the fair market value of which is \$100x. FS purchases \$100x of P stock on the open market for cash. Pursuant to foreign law, FT merges with and into FS in a triangular reorganization described in section 368(a)(1)(A) by reason of section 368(a)(2)(D). US1 exchanges all the outstanding stock of FT for the stock of P purchased by FS on the open market for \$100x cash.

FS is treated as distributing \$100x to P under section 301. Immediately after such deemed distribution, P is deemed to contribute to FS the \$100x that was deemed distributed to P. The deemed distribution and deemed contribution are treated as separate transactions occurring immediately before FS's purchase of the P stock used in the triangular reorganization.

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