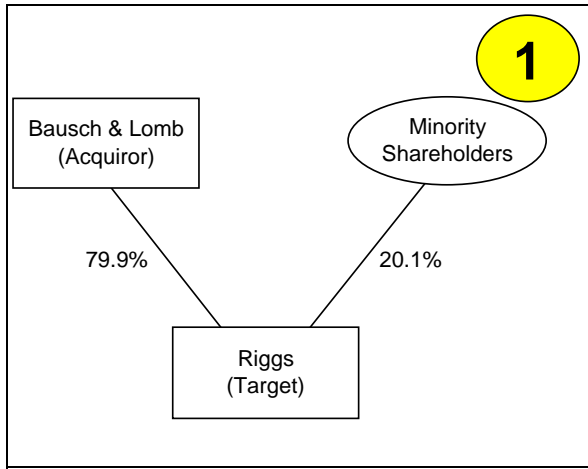
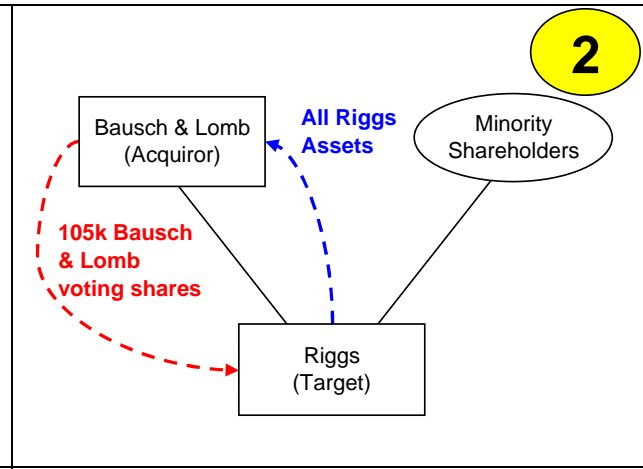


**Purported Upstream C Reorg
 Not Solely for Voting Stock**

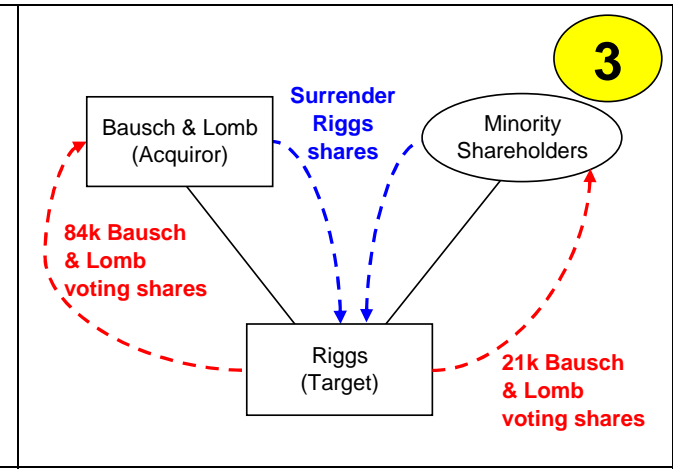
Initial Structure



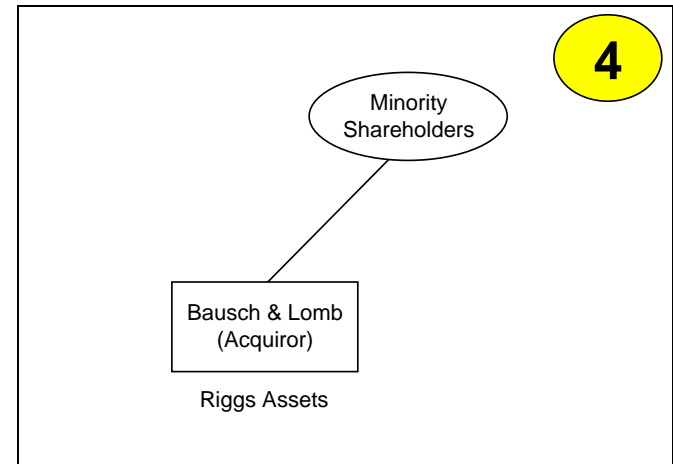
Step 1 of Purported C Reorg



Step 2 of Purported C Reorg



Ending Point



In Bausch & Lomb the Second Circuit affirmed the Tax Court in holding that the acquisition of assets of a partially controlled subsidiary does not qualify as a tax-free "C" reorganization because it does not meet the solely for voting stock requirement. The court held that a portion of the assets were acquired in exchange for Riggs' stock rather than solely for Bausch & Lomb's stock.

In Treasury Decision 8885, regulations were published which abolish the Bausch & Lomb doctrine.