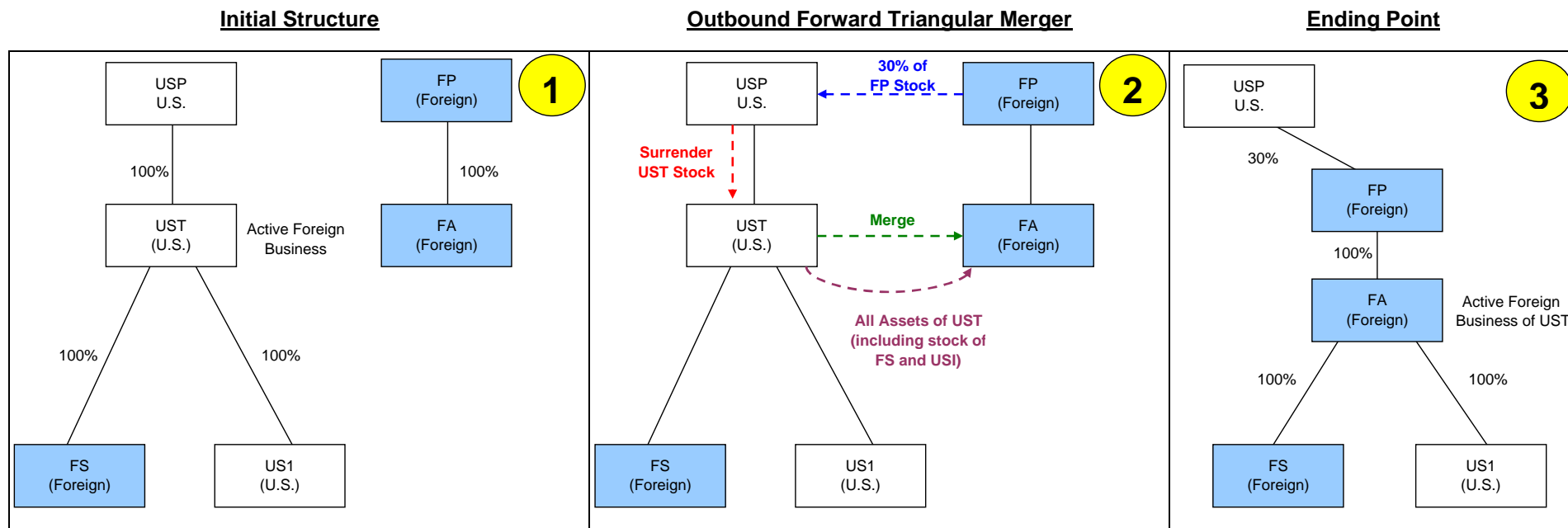


**Outbound Forward Triangular  
Merger With Subsidiaries**

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UST recognized gain on the transfer of all of its assets to FA, including gain on the stock of FS and US1. Section 367(a)(5). USP is treated as having transferred stock of a foreign corporation (stock of FA) to FP in a section 354 exchange and must enter into a gain recognition agreement if USP wishes to avoid gain recognition on the exchange. Reg. 1.367(a)-3(d). Because gain is recognized by UST on its transfer of the stock of FS, section 367(b) does not apply.