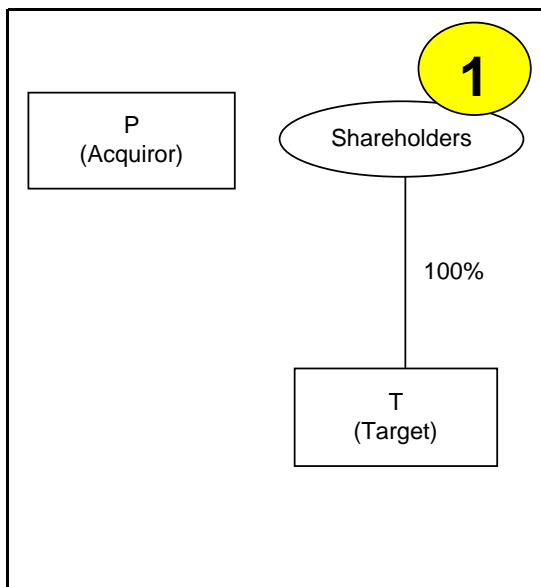
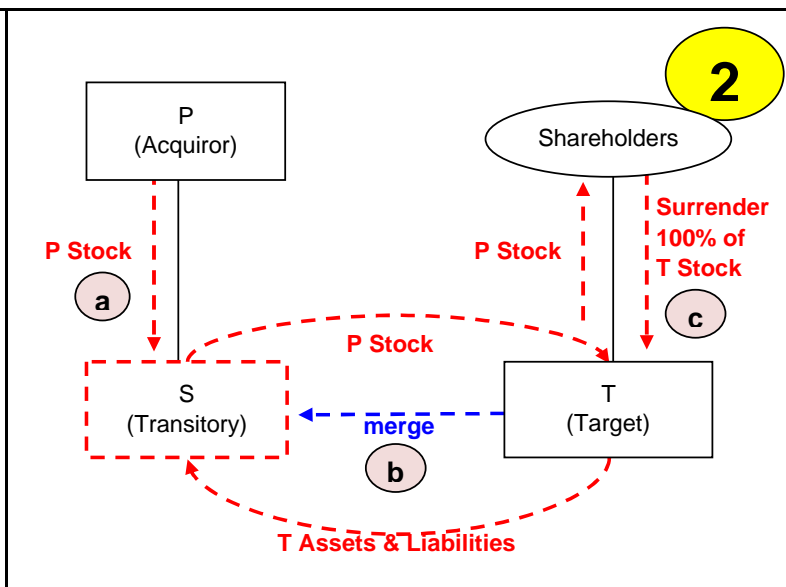


Forward Triangular Merger & Liquidation of Transitory Subsidiary is a C Reorg

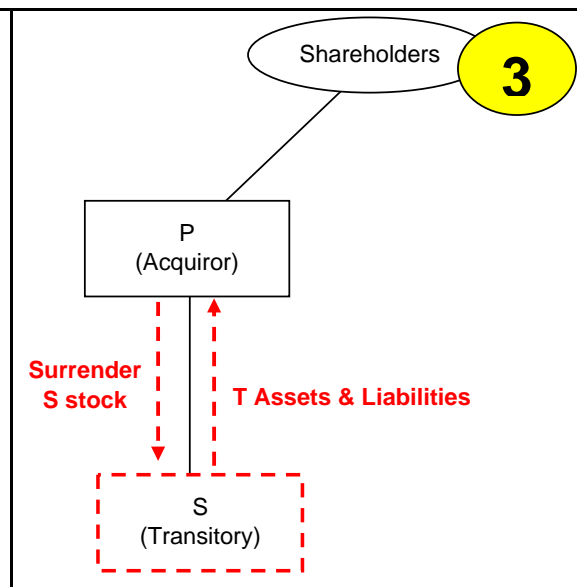
Initial Structure



Forward Triangular Merger



Subsidiary Liquidation



P wanted to acquire the assets of T. However, P wanted certain contracts to be transferred by operation of law pursuant to a statutory merger rather than by assignment. On the other hand, P desired to eliminate the necessity of obtaining approval of its shareholders for a statutory merger.

The acquisition of T's assets subject to its liabilities by S and the liquidation of S into P are part of an overall plan for P to acquire the assets of T. Therefore, the transitory passage of the assets and liabilities of T through S will not be accorded independent significance for Federal tax purposes.

Accordingly, the merger of T into S will not constitute a reorganization within the meaning of sections 368(a)(1)(A) and 368(a)(2)(D) followed by a liquidation of S into P, but will be considered an acquisition by P of the assets of T solely in exchange for P voting stock in a reorganization described in section 368(a)(1)(C).

Ending Point

