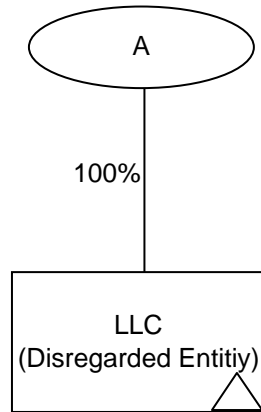


Disregarded Entity to Partnership

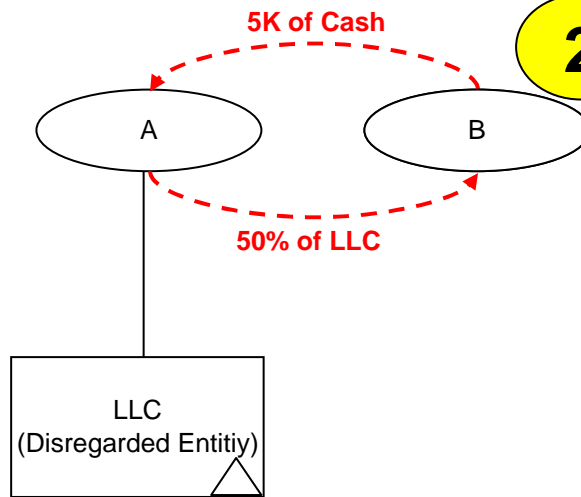
Initial Structure

1



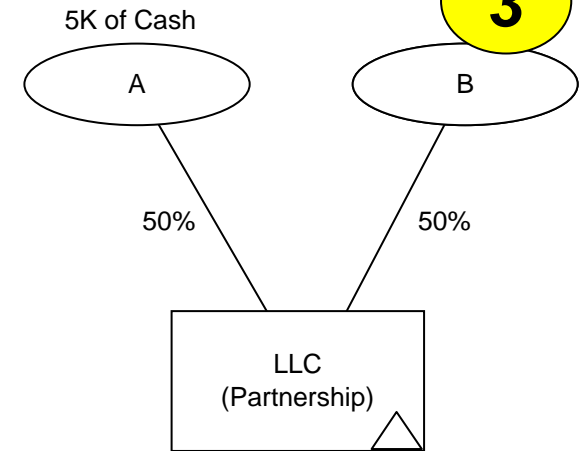
A Sells LLC Interest to B

2



Ending Point

3



B's purchase of 50% of A's ownership interest in the LLC is treated as the purchase of a 50% interest in each of the LLC's assets, which are treated as held directly by A for federal tax purposes. Immediately thereafter, A and B are treated as contributing their respective interests in those assets to a partnership in exchange for ownership interests in the partnership.

△ Means "flow-thru" for U.S. tax purposes