For more than five years, D has engaged in the active conduct of a single business of constructing sewage disposal plants and other facilities. D transfers one half of its assets to new subsidiary C. These assets include a contract for the construction of a sewage disposal plant in State M, construction equipment, cash, goodwill, and other tangible and significant assets. D retains a contract for the construction of a sewage disposal plant in State N, construction equipment, cash, goodwill, and other tangible and significant assets. D distributes the C stock to one of D's shareholders in exchange for all of his D stock. D and C both satisfy the requirements of section 355(b).