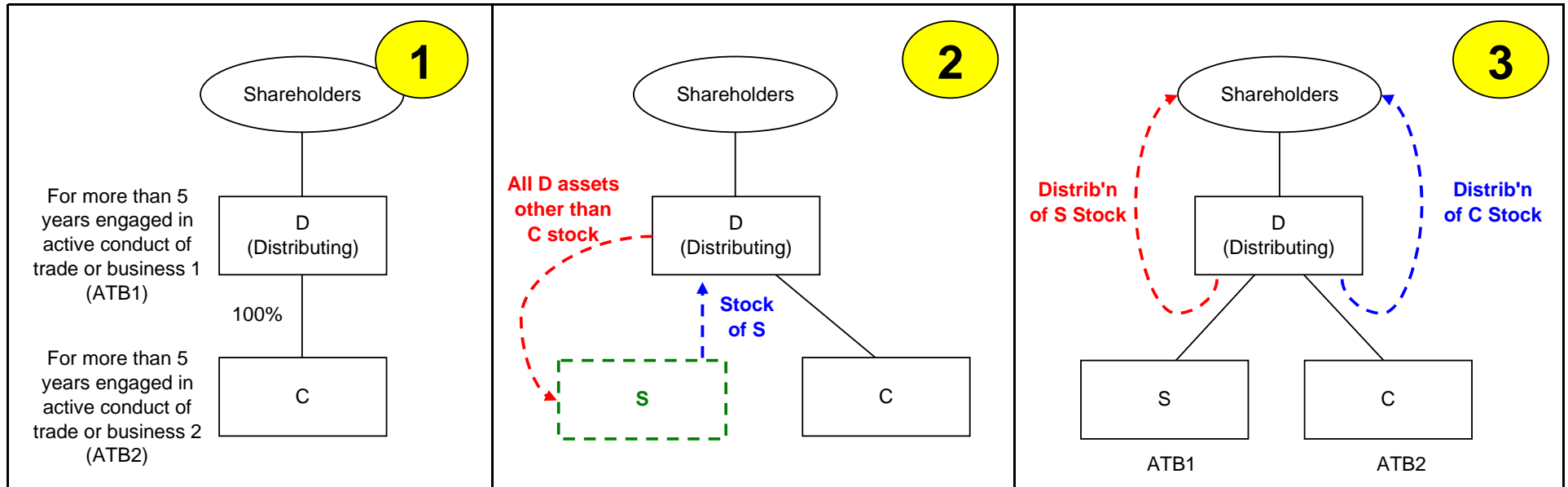


Split-Up Meets Section 355(b) Requirements

Initial Structure

Contribution

Split-up



For more than five years, D and C have engaged in the active conduct of ATB1 and ATB2, respectively. D transfers all of its assets (including ATB1) other than the C stock to new subsidiary S, and then distributes the C stock and S stock to the D shareholders. Because C and S are respectively engaged in the active conduct of ATB2 and ATB1 immediately after the distribution, ATB2 has been actively conducted by C throughout the pre-distribution period, and together D (prior to the transfer to S) and S (after the transfer to S) have actively conducted ATB1 throughout the pre-distribution period, the requirements of section 355(b) have been satisfied.

Ending Point

