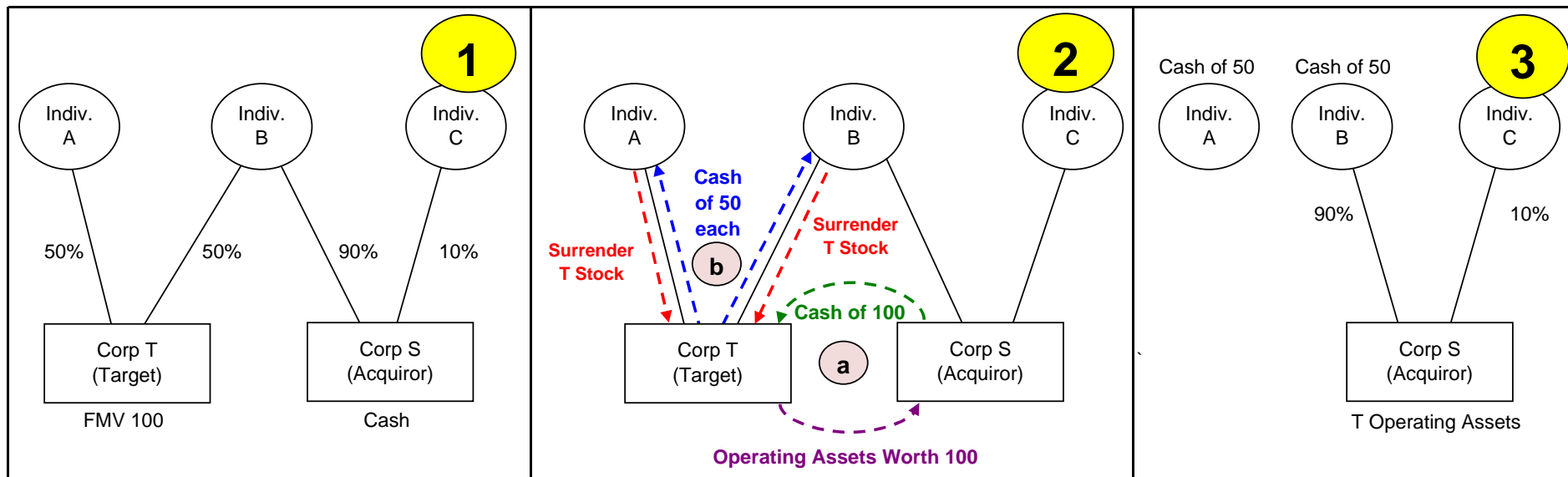


**Failed Cash D Reorganization
(No Shareholder Identity)**

Initial Structure

Asset Sale & Target Liquidation

Ending Point



A and B each own 50% of the stock of T. The T stock has a fair market value of \$100x. B and C own 90% and 10%, respectively, of the stock of S. T sells all of its assets to S in exchange for \$100x of cash and immediately liquidates. Because complete shareholder identity and proportionality of ownership in T and S does not exist, the requirements of sections 368(a)(1)(D) and 354(b)(1)(B) are not satisfied. Thus, the transaction does not qualify as a reorganization described in section 368(a)(1)(D).