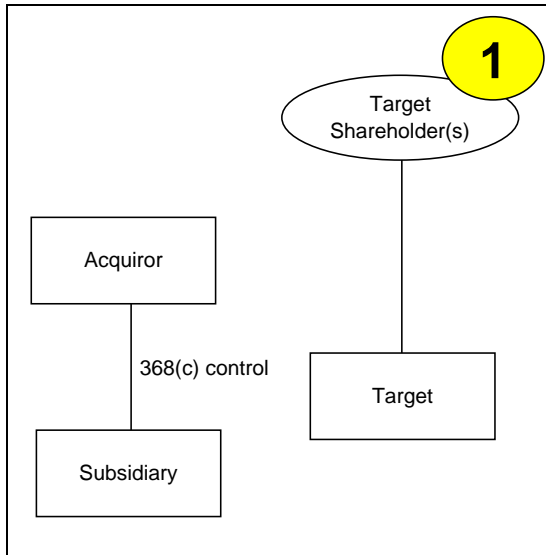
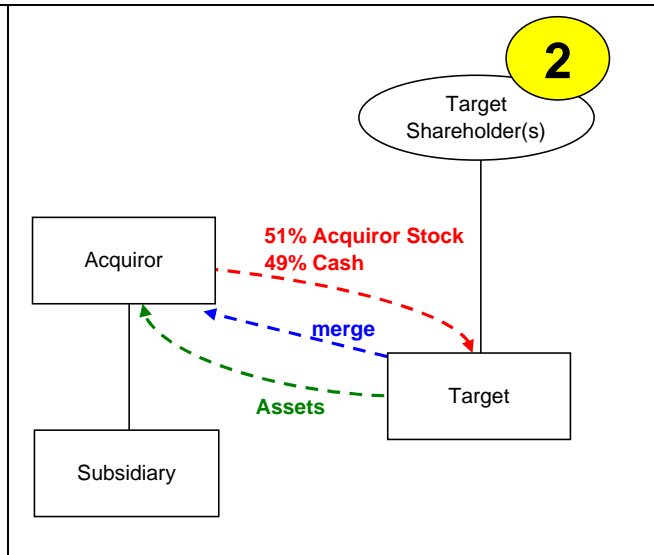


A Reorganization with a Drop

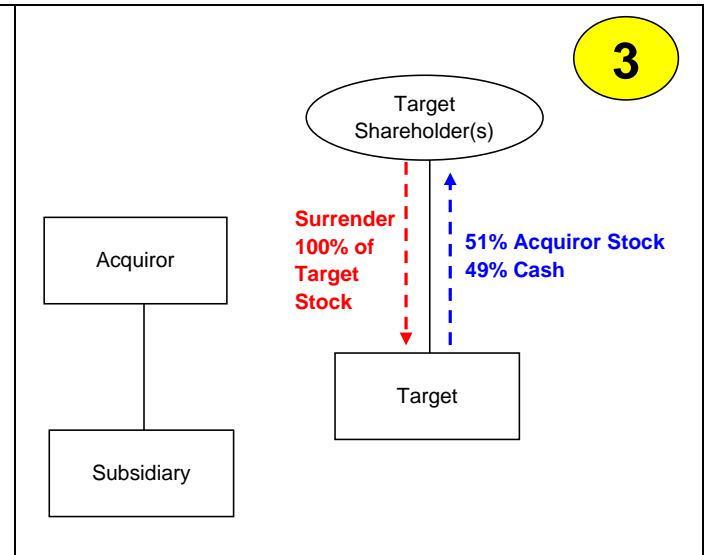
Initial Structure



Target Asset Transfer



Target Liquidation



Nonrecognition Operative Provisions:

Acquiror - section 1032,
Target - section 361(a)

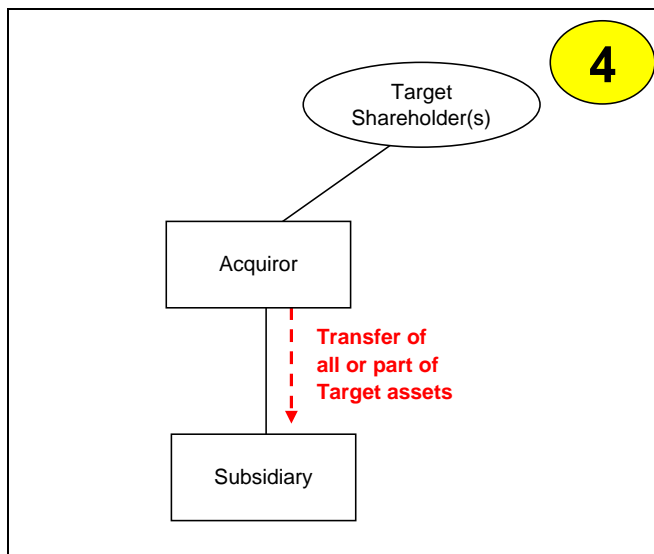
Shareholders - section 354(a)(1),
Target - section 361(c)

Acquiror shareholders omitted for simplicity purposes.

368(a)(1) . . . the term "reorganization" means . . . (A) a statutory merger or consolidation;

368(a)(2)(C) A transaction otherwise qualifying under paragraph (1)(A) . . . shall not be disqualified by reason of the fact that part or all of the assets . . . which were acquired in the transaction are transferred to a corporation controlled by the corporation acquiring such assets . . .

Drop



Ending Point

