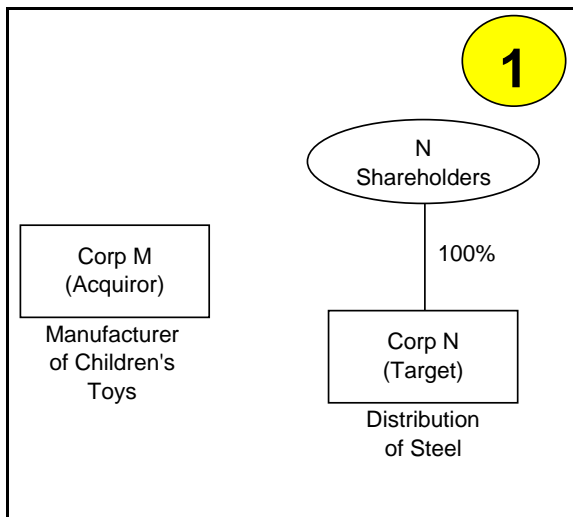
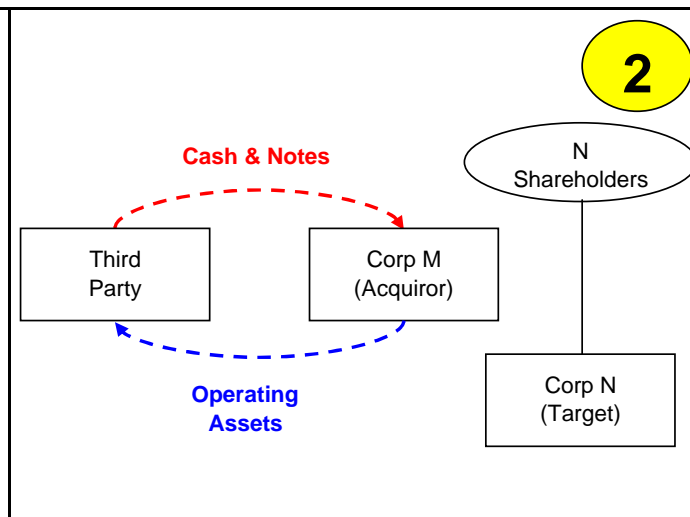


**COBE: Acquiror Pre-Reorg
Sale Of Its Assets For Cash**

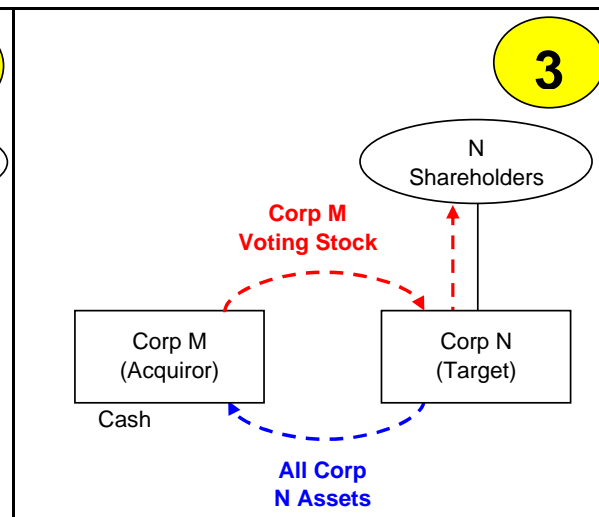
Initial Structure



Sale of Acquiror Assets



C Reorganization



Rev. Rul. 63-29 holds that the continuity of business enterprise ("COBE") requirement of Reg. 1.368-1(b) was satisfied where an acquiror/transferee corporation sold its assets and discontinued its business, then acquired the assets of another corporation in exchange for its voting stock, and used the sales proceeds realized from the sale of its assets to expand the business formerly conducted by the acquired corporation. The holding of Rev. Rul. 63-29 is now reflected in Reg. 1.368-1(d), which looks only to the transferor's (target's) historic business or historic business assets for determining if the continuity of business enterprise requirement is satisfied.

Ending Point

