Revenue Ruling 73-16

Successive Stock-For-Stock Exchanges Treated as "B" and "Triangular B" Reorganizations

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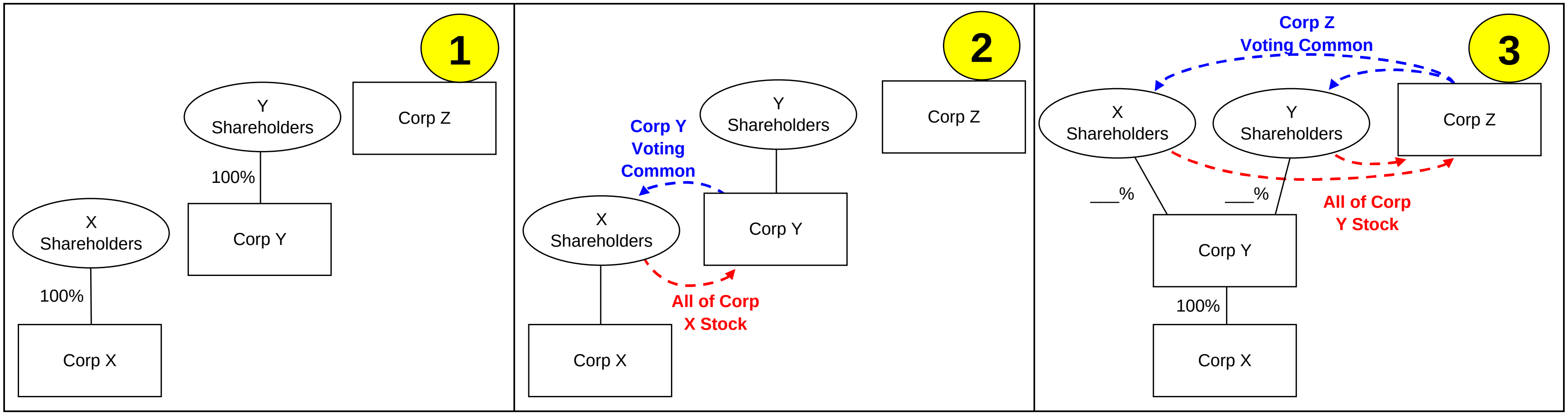
Initial Structure | **First Stock-For-Stock Exchange** | **Second Stock-For-Stock Exchange**

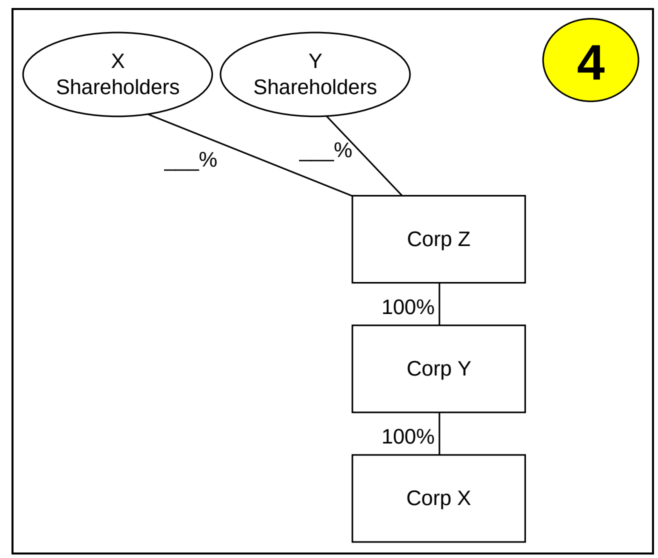


Pursuant to one overall plan, and for valid business reasons, Y corporation acquired all of the outstanding stock of X corporation solely in exchange for its voting common stock and, immediately thereafter, Z corporation acquired all of the stock of Y corporation solely in exchange for its voting common stock. As a result, the former shareholders of both X and Y held only stock of Z.

The two exchanges of corporate stock were part of a prearranged integrated plan, and may not be considered independently of each other for Federal income tax purposes. (See Rev. Rul. 54-96). The receipt by X shareholders of Y stock and their immediate surrender of such Y stock is disregarded since it is transitory and without substance.

The transaction was treated as the acquisition by Z of all of the stock of Y in exchange for stock of Z (a "B" reorganization) and, simultaneously therewith, the acquisition by Y of all of the stock of X in exchange for stock of Z (a triangular "B" reorganization), each exchange qualifying as a reorganization within the meaning of section 368(a)(1)(B). No gain or loss is recognized to the shareholders of X or Y upon the exchange of their respective shares for shares of Z as provided in section 354.

Ending Point



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