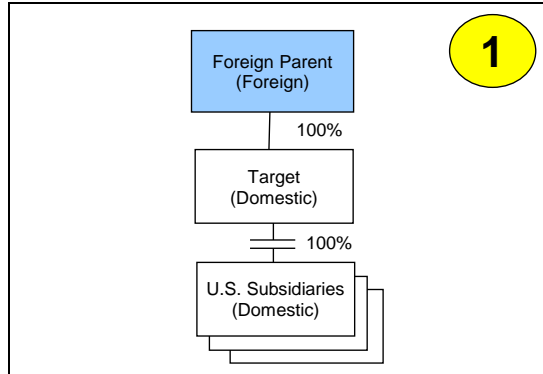
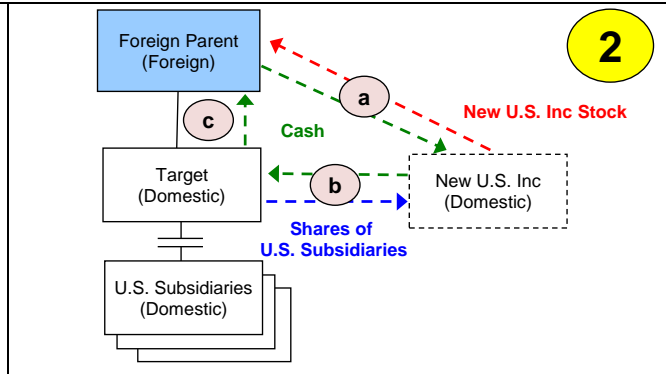


**Deemed Distribution & Contribution with Circular Flow of Cash (Plus "F" Reorganization)**

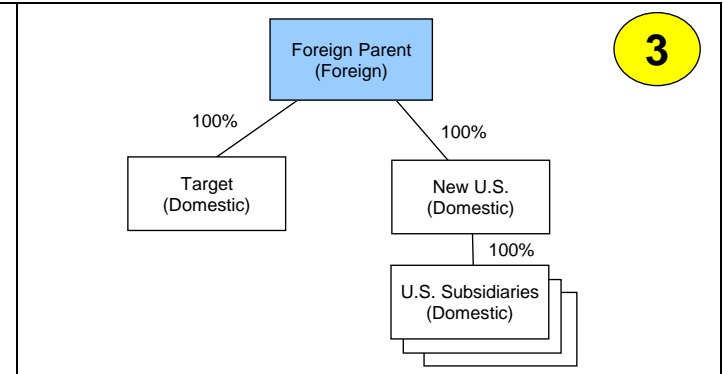
**Initial Structure**



**Cash & Share Transfers**



**Post Transfer Structure**



Foreign Parent formed New US Inc. with nominal capital. Foreign Parent contributed cash to New US Inc. in exchange for New US Inc. common stock. New US Inc. used the cash received to acquire the US Subsidiaries' common stock from Target. Target distributed the cash received up the chain to Foreign Parent. The transfers were treated as a §301 distribution by Target of U.S. Subsidiaries stock to Foreign Parent and a contribution of such stock to New U.S. Inc by Foreign Parent. The circular flow of cash was disregarded.

Foreign Parent then formed New U.S. Inc 2, an LLC that elected to be treated as a corporation. Foreign parent contributed the common stock of Target to New U.S. Inc. 2 in exchange for New U.S. Inc 2 common stock. Target then dissolved under state law. The reorganization was treated as a transfer by Target of its assets to New U.S. Inc. 2 in exchange for New U.S. Inc 2 common stock, followed by Target's liquidating distribution of such stock to Target's sole shareholder, Foreign Parent. The reorganization qualified as an "F" reorganization.

**"F" Reorganization**

