

Ferkingstad, James H.

From: [REDACTED]
Sent: Monday, August 17, 2009 1:00 PM
To: Ferkingstad, James H.
Subject: Question

851.10
FMJ
A Arg B sub

Mr. Ferkingstad,

I am hoping you can help me with the below fact pattern. Assume for purposes of this fact pattern that both Corp 1 and Corp 2 meet the size of the parties test. I am trying to determine how to value the acquisition of securities by each of Corp 1 and Corp 2 in the below fact pattern.

Corp 1 and Corp 2 are unaffiliated entities. Corp 1 has a wholly-owned corporate sub (Sub A) to which it contributes assets. Corp 2 has a wholly-owned corporate sub (Sub B) to which it contributes assets. Sub B merges into Sub A with Sub A surviving. Following the merger, Corp 1 will own 75% of the surviving sub and Corp 2 will own 25% of the surviving sub. I have been reviewing the rules and interpretations this morning, and have not been able to determine how to calculate the value of voting securities acquired by each party.

At your convenience, could you please email me or call me at [REDACTED] with guidance.

Much appreciated in advance.

[REDACTED]

IRS Circular 230 Disclosure: To comply with certain U.S. Treasury regulations, we inform you that, unless expressly stated otherwise, any U.S. federal tax advice contained in this communication, including attachments, was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on such taxpayer by the Internal Revenue Service.

CONFIDENTIALITY NOTICE:

This e-mail and any attachments contain information from the law firm of [REDACTED] and are intended solely for the use of the named recipient or recipients. This e-mail may contain privileged attorney/client communications or work product. Any dissemination of this e-mail by anyone other than an intended recipient is strictly prohibited. If you are not a named recipient, you are prohibited from any further viewing of the e-mail or any attachments or from making any use of the e-mail or attachments. If you believe you have received this e-mail in error, notify the sender immediately and permanently delete the e-mail, any attachments, and all copies thereof from any drives or storage media and destroy any printouts of the e-mail or attachments.