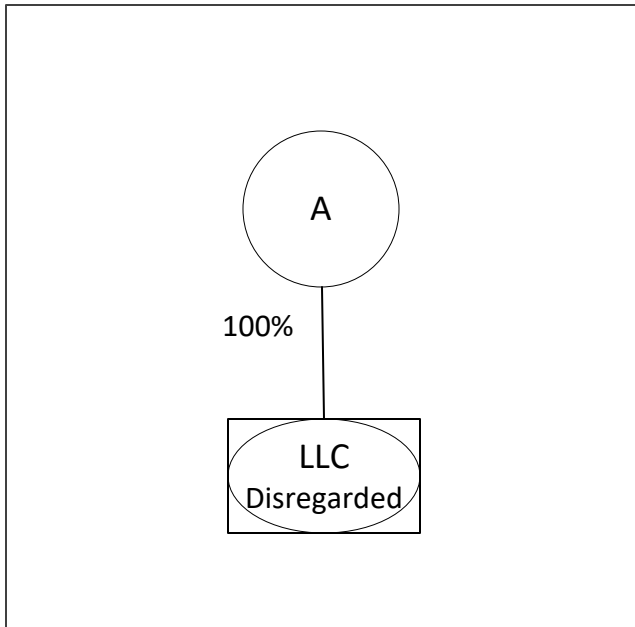


Disregarded Entity to Partnership (Contribution)

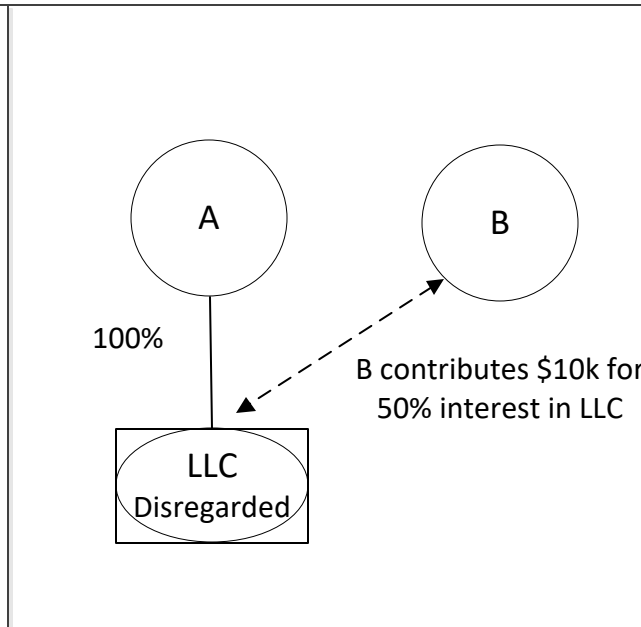
1

Begin



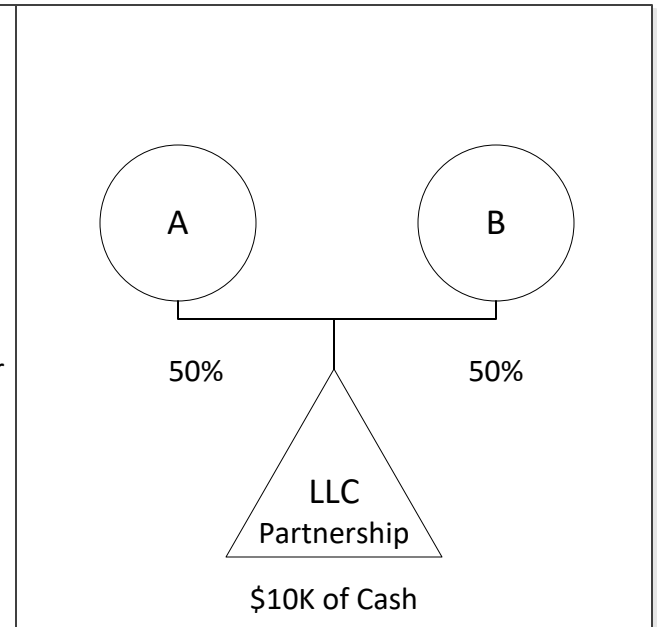
2

B Contributes Cash to LLC



3

End



B's contribution is treated as a contribution to a partnership in exchange for an ownership interest in the partnership. A is treated as contributing all of the assets of the LLC to the partnership in exchange for a partnership interest.

Under §723, the basis of the property contributed to the partnership by A is the adjusted basis of the property in A's hands.