

Dec. '56

REORGANIZATION OF CORPORATE STRUCTURE

ELIMINATION OF AIRDALE

date?

It is proposed that Airdale Corporation be eliminated from the entire CA¹ picture. It is further proposed that this can best be accomplished by organizing a new corporation which will purchase all of the assets of Airdale Corporation. This new corporation shall be referred to for the purpose of this memorandum as Airline Holding Company (AHC).

It is deemed advantageous to eliminate Airdale Corporation in this manner rather than to effectuate the desired reorganization by means of the purchase of Airdale Corporation shares for the following reasons :

It is desirable that the name "Airdale" and everything connected therewith be eliminated. The proposed plan accomplishes this to the greatest extent possible and will permit the ultimate complete dissolution of Airdale Corporation.

The proposed plan should be carried out in the following manner:

1. The purchasers should cause the new AHC to be incorporated with the minimum paid in capital required.
2. AHC should offer to purchase the assets of Airdale Corporation, including notes receivable, but excluding cash, at book value of \$7,150,000, the purchase price to be paid in bearer notes to be issued by and in the name of AHC.

3. The offer should be accepted by Airdale Corporation and the necessary steps taken to complete the transaction.

There are attached hereto Exhibits "A", "B" and "C" showing respectively the present Airdale Corporation Balance sheet, the balance sheet of Airdale Corporation after the purchase by AHC and the AHC balance sheet after the purchase from Airdale. It will be noted that there will be no taxable gain to Airdale Corporation as a result of this transaction.

Ultimately Airdale Corporation may be liquidated. The present holders of the \$5,400,000 in notes payable by Airdale Corporation will accept \$5,400,000 of AHC's notes in full settlement and satisfaction of the Airdale Corporation notes. The remaining assets (\$1,750,000 of AHC notes and whatever remains of the \$3,864 in cash) can be distributed on dissolution to Airdale Corporation's stockholders.

It is assumed that proper steps will be taken and proper papers drawn and executed in connection with the formation of the new corporation to adequately indemnify its shareholders and also to insure continuity of beneficial interest.