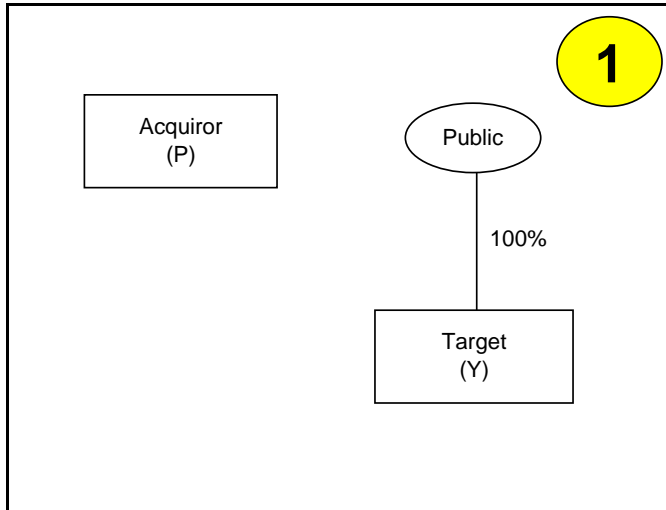
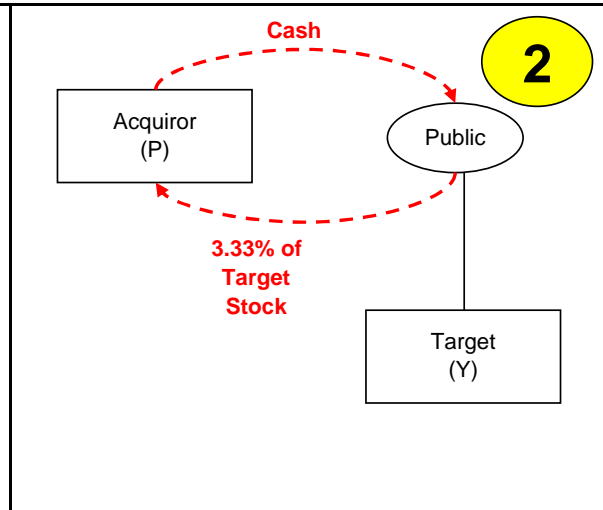


**Sale of Recently Purchased
Stock to Qualify as a B Reorg**

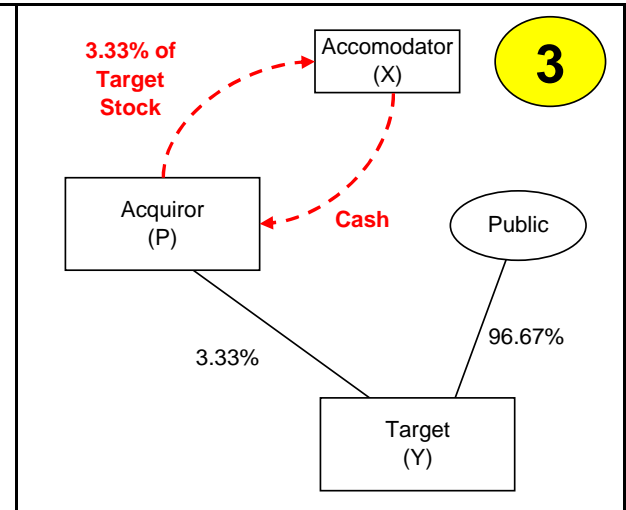
Initial Structure



"Tainting" Stock Purchase



"Cleansing" Stock Sale



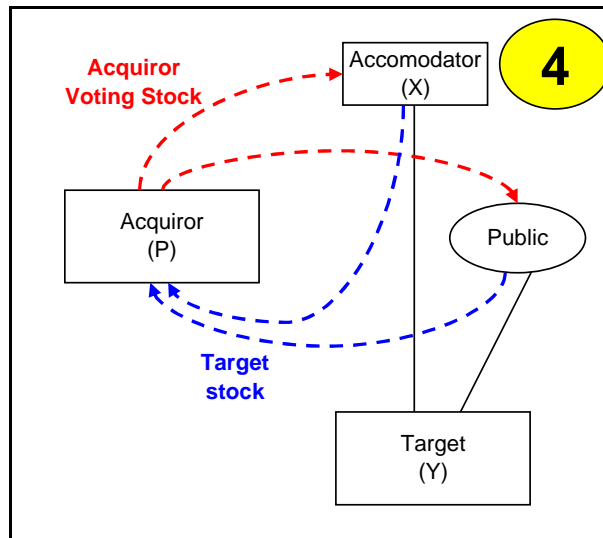
Acquiror wanted to preclude the possibility that the tainting purchase (step 2) and the stock for stock exchange (step 4) would be treated as a single transaction which would violate the solely for voting stock requirement.

Prior to the offer by Acquiror to the shareholders of Target to exchange their Target stock for voting stock of Acquiror, Acquiror unconditionally sold its Target stock to Accomodator. Acquiror had no agreement or other arrangement to reacquire the stock of Target.

The prior purchase for cash by Acquiror of the shares of Target did not violate the solely for voting stock requirement because the stock was unconditionally sold to an unrelated third party prior to the offer by Acquiror to the shareholders of Target.

The above principle is equally applicable to a C reorganization if the shares of Target previously purchased by Acquiror are unconditionally sold to an unrelated third party prior to the vote of the shareholders of Target on the plan of reorganization.

Stock for Stock Exchange



Ending Point

