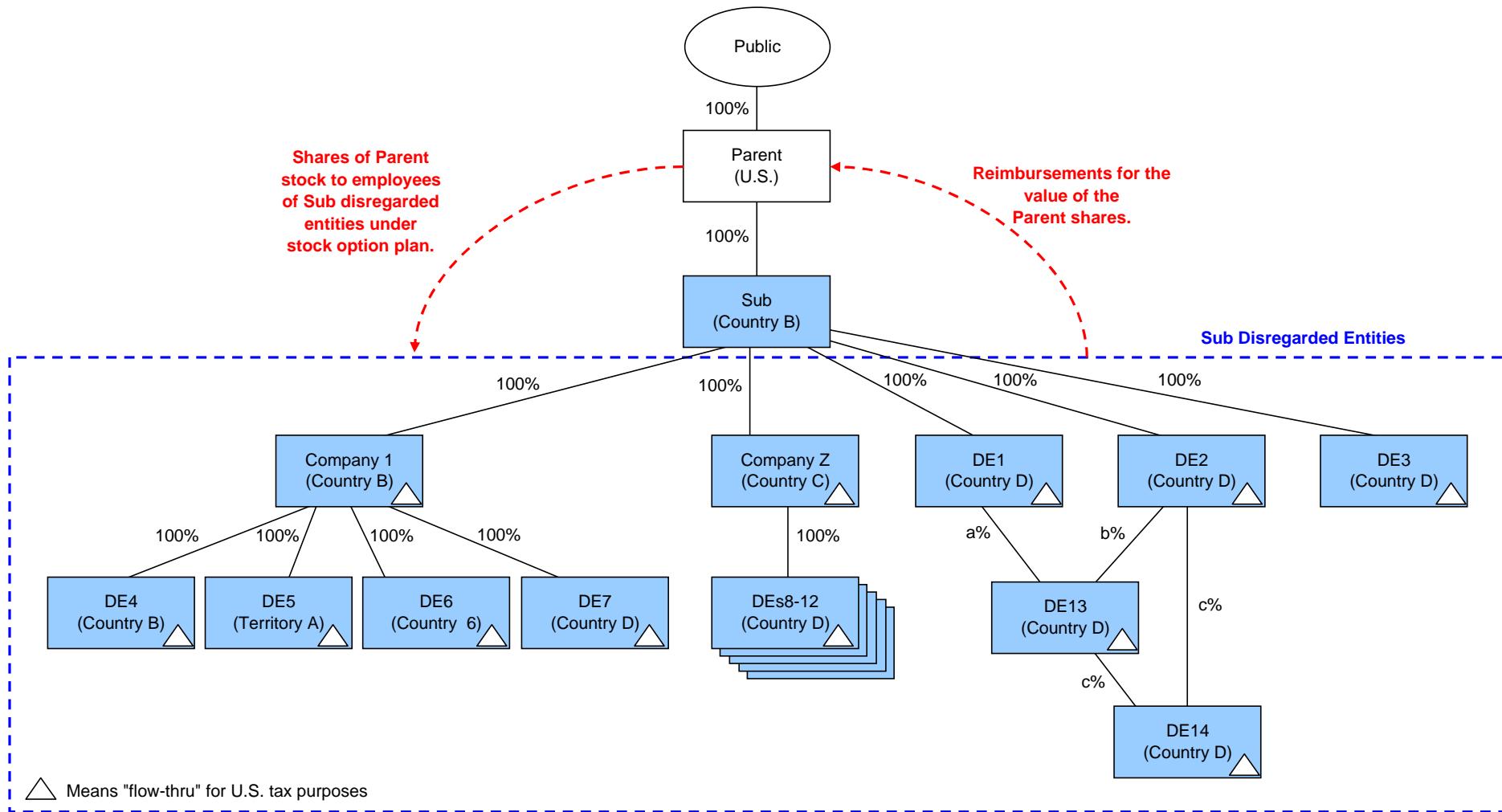


Parent Stock Transferred to Foreign Subsidiary in 1032 Exchange



The ruling held that reimbursement payments by Sub or its disregarded entities in exchange for shares of Parent stock under a stock option plan would not constitute distributions by Sub with respect to its stock within the meaning of Code § 301. Pursuant to Reg. 1.1032-3, Parent will recognize no gain or loss with respect to the receipt of the reimbursement payments from Sub. Parent will be deemed, pursuant to Reg. 1.1032-3, to have made cash contributions to Sub in an amount, if any, equal to the excess of the fair market value of Parent stock delivered under the Stock Option Plan over the fair market value of the money or other property, if any, that Parent receives as payment from Sub (including the reimbursement payments), and accordingly, will adjust its basis in its stock in Sub pursuant to Code § 358 and the regulations thereunder.