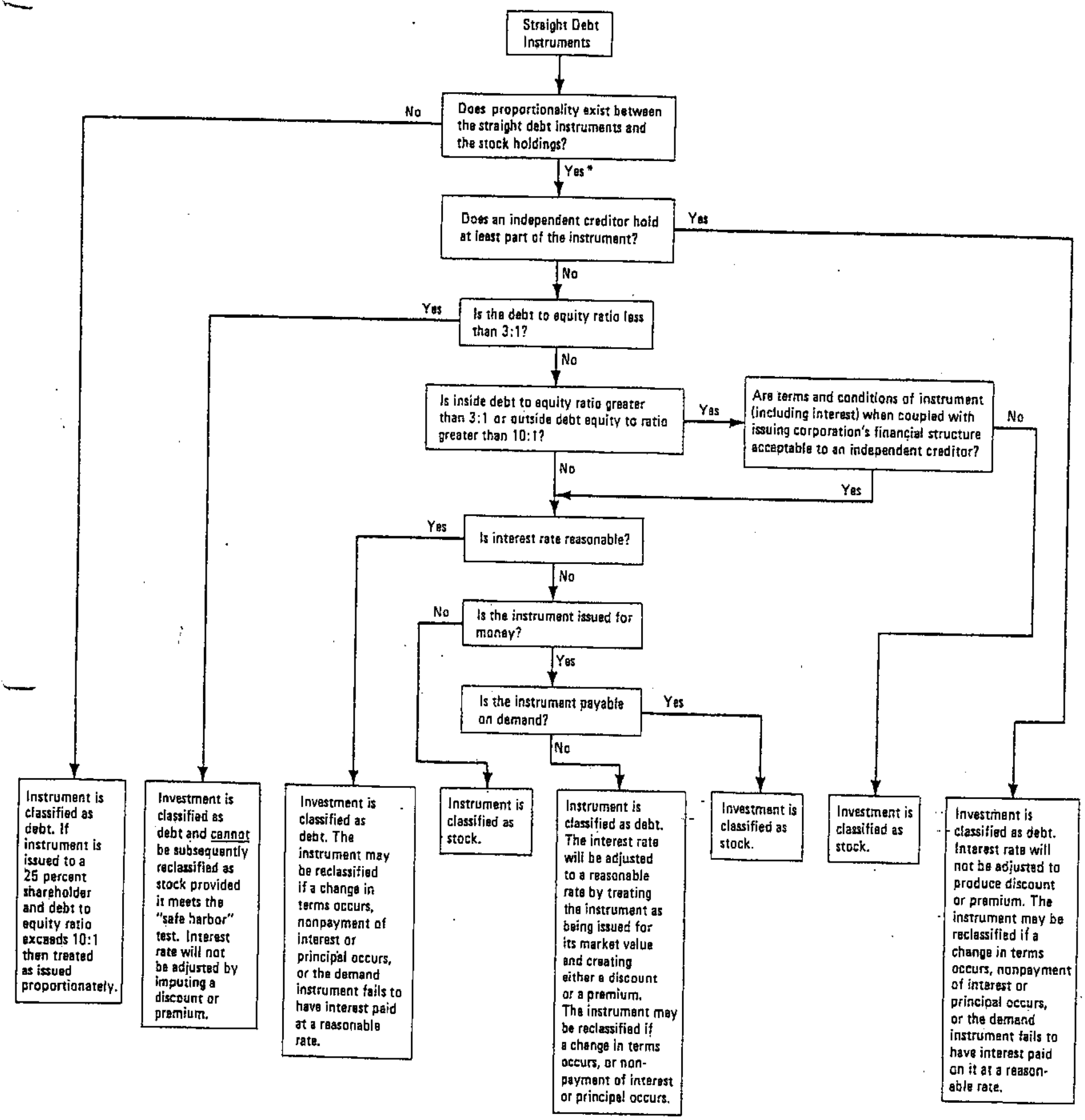
FIGURE 2–1

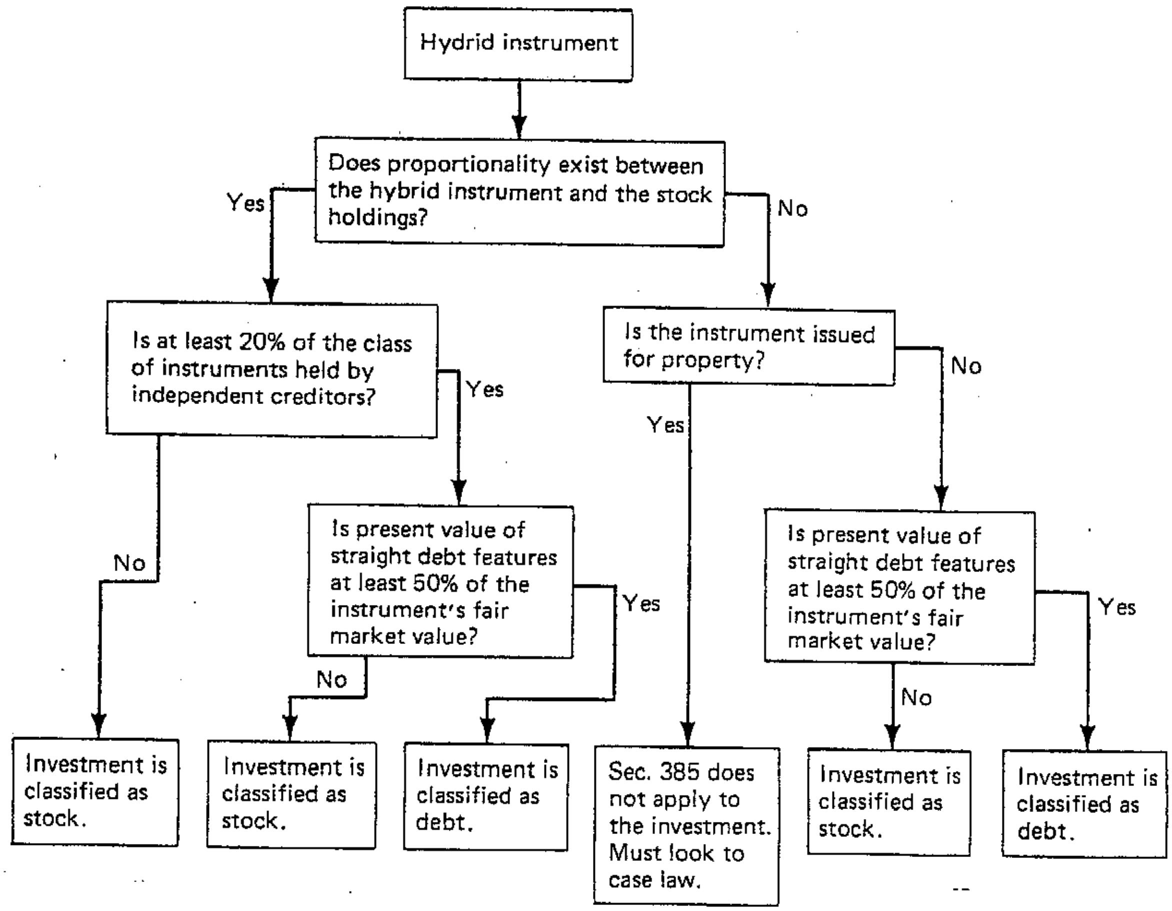
Classification of Straight Debt Instruments Under the Section 385 Regulations



*Special treatment applies to certain "qualified redemptions" whereby a corporation issues a straight debt instrument in redemption of all or part of the shareholder's stock in the corporation--See Prop. Reg. Sec. 1.385–6(a) (2) (iv).

CAUTION: THIS CHART IS FROM A 1984 TEXTBOOK AND DOES NOT REFLECT PRESENT LAW. BUT IT REPRENSENTS TREASURY DEPT. THINKING ON THIS SUBJECT AND THUS MAY SERVE AS A GUIDE TO ANALYSIS.

FIGURE 2-2
Classification of Hybrid Instruments Under the Section 385 Regulations



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