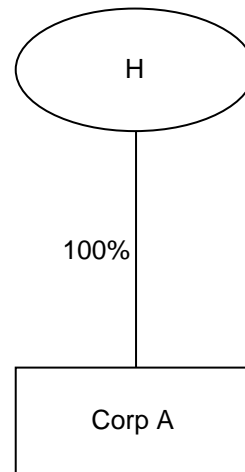


Reg. 1.318-2(a), Example 1

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Corporation Not Considered to Own Its Own Stock



H, an individual owns all of the stock of Corp A. Under the normal rule of § 318(a)(3)(C), Corp A is attributed the stock owned by H. However, Corp A is not considered to own the stock owned by H in Corp A. In general, corporation shall not be considered to own its own stock by reason of § 318(a)(3)(C).

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