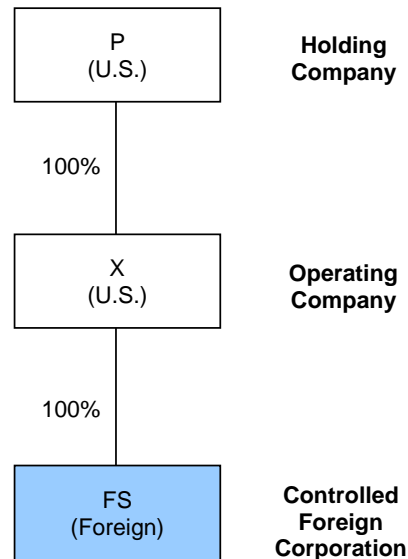


**Reg. 1.6038A-1(m)  
Example 7**

**Form 5472: No Sec. 318(a)(3)(C)  
Attribution to Cause U.S. Corporation  
to be a Reporting Corporation**

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P, a U.S. multinational, is a holding company that wholly owns X, a U.S. operating company, which in turn wholly owns FS, a controlled foreign corporation. Applying the rule of section 318(a)(3)(C), FS is deemed to own the stock of X that is actually held by P. However, under Reg. 1.6038A-1(e), X will not be a reporting corporation by reason of section 318.

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