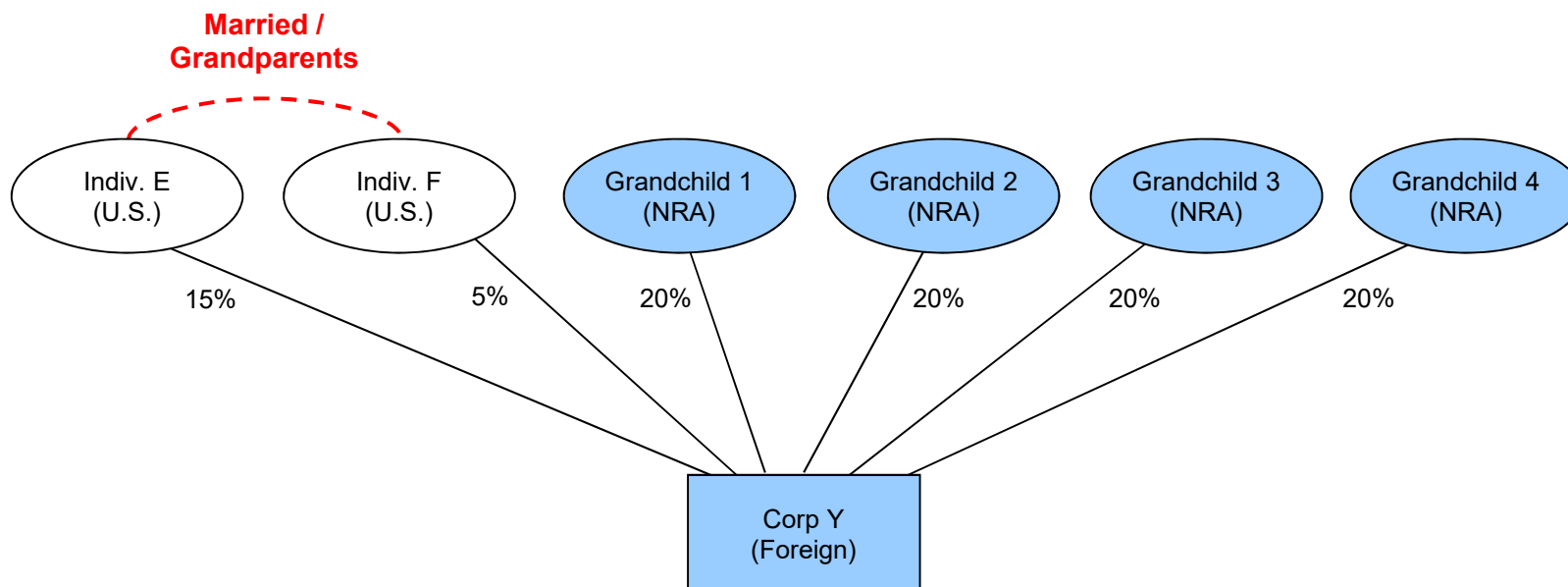


**Reg. 1.958-2(g),
Example 5**

**No Family Attribution
From Foreign Persons**

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United States citizen E owns 15% of the one class of stock in foreign corporation Y, and United States citizen F, E's spouse, owns 5% of such stock. E and F's four nonresident alien grandchildren each own 20% of the stock in Y Corporation. Under Reg. 1.958-2(b)(1), E is considered as owning the stock owned by F in Y Corporation; however, by virtue of Reg. 1.958-2(b)(3), E may not be considered under Reg. 1.958-2(b)(1) as owning any of the stock in Y Corporation owned by such grandchildren.