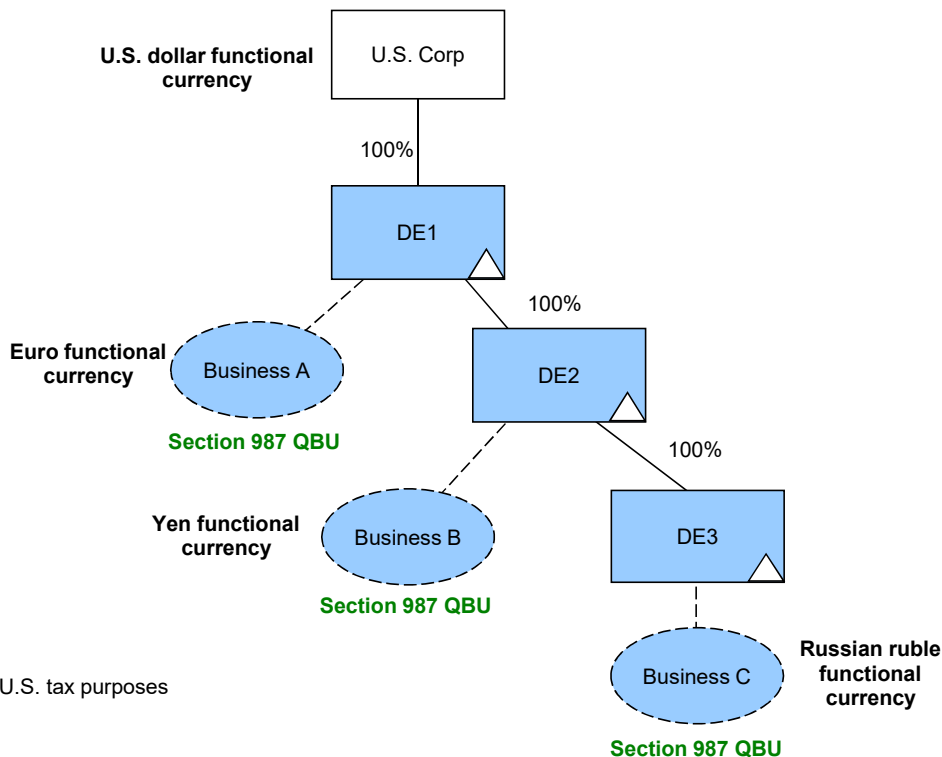


Section 987 QBU: U.S. Corp with 3 QBUs



U.S. Corp is a domestic corporation, has the U.S. dollar as its functional currency, and uses the calendar year as its taxable year. Business A and Business B are eligible QBUs and have the euro and the Japanese yen, respectively, as their functional currencies.

U.S. Corp owns all of the interests in DE1, a disregarded entity. DE1 owns Business A and all of the interests in DE2, a disregarded entity. DE2 owns Business B and all of the interests in DE3, an entity disregarded as an entity separate from its owner. DE3 owns Business C, which is an eligible QBU with the Russian ruble as its functional currency.

Pursuant to Treas. Reg. §1.987-1(b)(3)(ii), DE1, DE2, and DE3 are not eligible QBUs, and the Business A, Business B, and Business C activities are eligible QBUs. Pursuant to Treas. Reg. §1.987-1(b)(4), an eligible QBU is not an owner of another eligible QBU. Accordingly, the Business A eligible QBU is not the owner of the Business B eligible QBU, and the Business B eligible QBU is not the owner of the Business C eligible QBU. Instead, pursuant to Treas. Reg. §1.987-1(b)(4), U.S. Corp is the direct owner of the Business A, Business B, and Business C eligible QBUs. Because each of the Business A, Business B, and Business C eligible QBUs has a different functional currency than U.S. Corp, such eligible QBUs are section 987 QBUs of U.S. Corp.