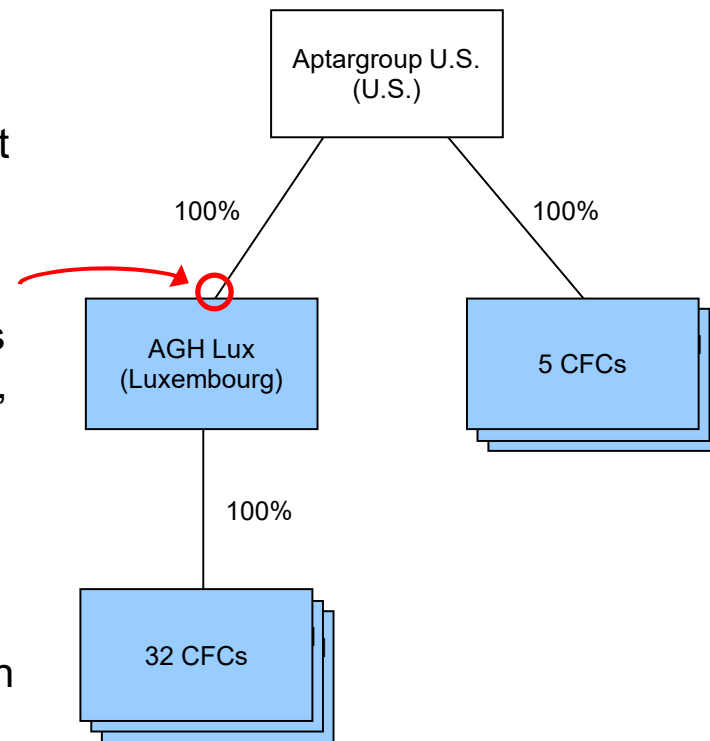


**U.S. Shareholder Must
Characterize Stock of a CFC
Under a Consistency Rule**

As a domestic corporation, Aptargroup U.S. was required to apportion interest expense using the asset method. Reg. 1.861-9T(f)(1).

One of the assets owned by Aptargroup U.S. was the shares of AGH Lux. To divide the value of the shares of AGH Lux between the relevant statutory groupings, Aptargroup U.S. had to "characterize" the shares of AGH Lux. Reg. 1.861-9T(g)(3).

Under a consistency rule, Aptargroup U.S. was required to characterize the stock of AGH Lux using the same method that AGH Lux had used to apportion its interest expense. Reg. 1.861-12T(c)(3).



AGH Lux had elected to apportion interest expense using the modified gross income method, as it was entitled to do. Reg. 1.861-9T(f)(3)(i).

Since AGH Lux had apportioned its interest expense using the modified gross income method, Aptargroup U.S. was required to characterize the stock of AGH Lux using the modified gross income method.