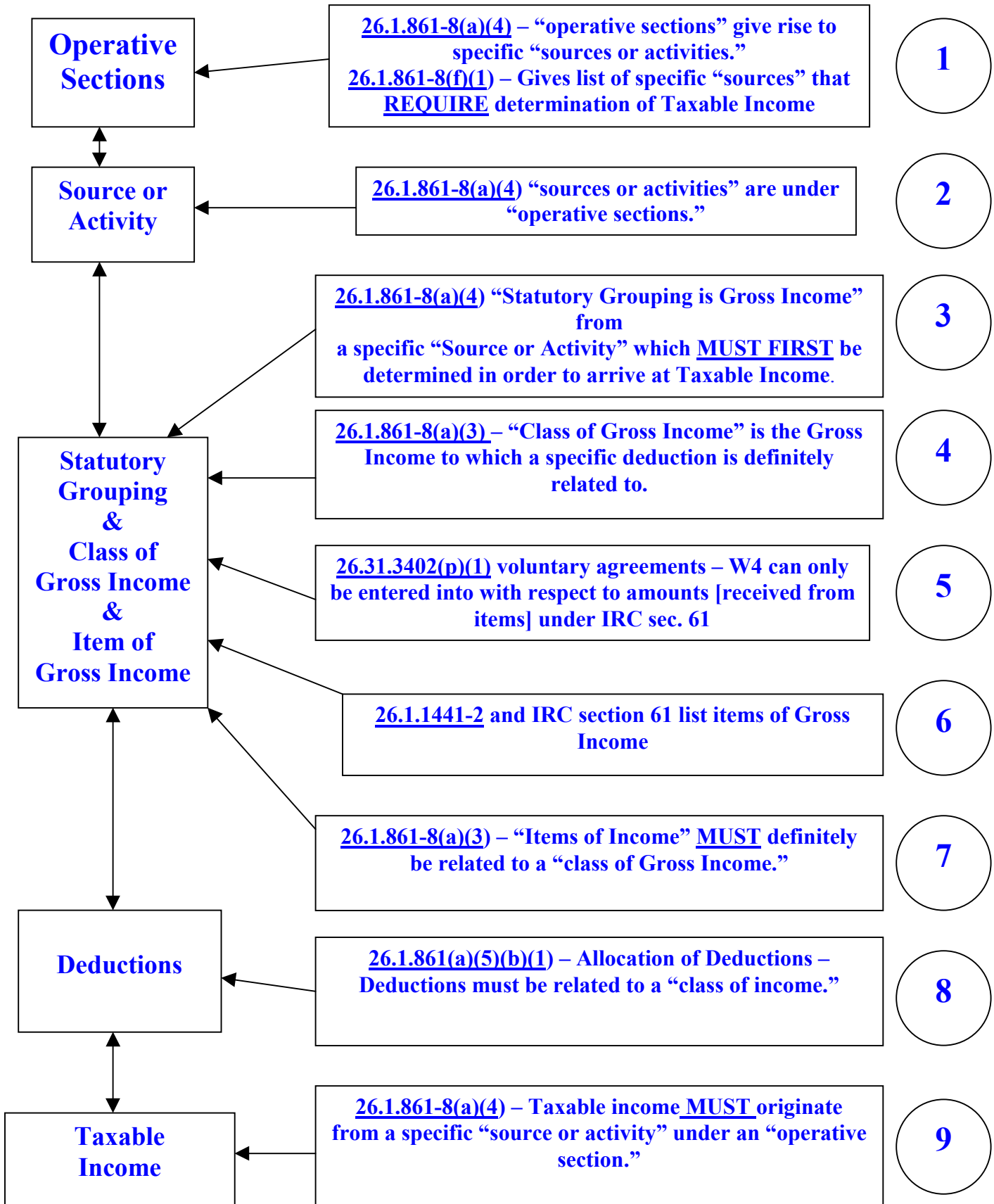


Computation of Taxable Income



The Federal Regulations that we are dealing with make reference to 'sources' within, as well as without, the United States. Below are the only sources listed from which income must derive in order for it to be taxable for the purpose of the Income Tax.

Code of Federal Regulations 1.861-8(f)(1)

(i) Overall limitation to the foreign tax credit.

(ii) [Reserved]

(iii) DISC and FSC taxable income. (note: DISC is Direct International Sales Corp, and FSC is a Foreign Sales Corp)

(iv) Effectively connected taxable income. Nonresident alien individuals and foreign corporations engaged in trade or business within the United States,...

(v) Foreign base company income.

(vi) Other operative sections.

(A) "...foreign source items of tax..."

(B) "...foreign mineral income..."

(C) [Reserved]

(D) "...foreign oil and gas extraction income..."

(E) "...citizens entitled to the benefits of section 931 and the section 936 tax credit..."

(F) "...residents of Puerto Rico..."

(G) "...income tax liability incurred to the Virgin Islands..."

(H) "...income derived from Guam..."

(I) "...China Trade Act corporations..."

(J) "...income of a controlled foreign corporation..."

(K) "...income from the insurance of U.S. risks..."

(L) "...international boycott factor...attributable taxes and income under section 999..."

(M) "...income attributable to the operation of an agreement vessel under section 607 of the Merchant Marine Act of 1936..."