

**THOMPSON  
HINE** Tax Services





## About The Group

*Thompson Hine's Tax group counsels a wide variety of clients from Fortune 500 companies and multinational corporations to tax-exempt organizations and closely held businesses. The group includes a former member of the Internal Revenue Service Office of Chief Counsel, certified public accountants and tax lawyers admitted to practice before various courts including the U.S. Tax Court, the U.S. Court of Federal Claims, U.S. Circuit Courts of Appeal and the U.S. Supreme Court.*

The Tax group counsels and represents clients in business transactions and financings, tax controversy, advocacy and litigation, legislative and regulatory activities, executive compensation and tax planning, international taxation, state and local taxation, and foundation and exempt organization matters.



## Tax Controversies

### Representative Matters (continued)

- Defeated the IRS's challenge to the tax-exempt status of a rural electric cooperative under Section 501(c)(12) and obtained recovery of \$2.5 million in tax and interest for the rural electric cooperative.
- Eliminated \$2 million in ERISA penalties asserted by IRS against a major U.S. airline.
- Eliminated \$1.9 million in tax, penalties and interest against client with respect to unreasonable compensation case docketed in U.S. Tax Court.
- Settled COLI interest deduction issues for five large multinational companies in the manufacturing, telecommunications and retail industries.
- Developed a novel legal theory that persuaded a U.S. Bankruptcy Court, in a case of first impression, to award a tax refund to a former subsidiary of a bankrupt parent corporation.
- Representing banking companies in examination of BOLI issues.
- Represented a publicly held corporation in a dispute with the IRS concerning the application of the loss disallowance rules to the sale of a subsidiary.
- Eliminated over \$1 million in proposed tax by the IRS concerning the proper application of statistical sampling techniques to the calculation of LIFO pricing index.
- Negotiated favorable settlements for numerous tax audits, including settlement of a \$500,000 personal property tax audit assessment for \$85,000 through the mediation program administered by the Board of Tax Appeals.
- Worked with Congressional, Treasury and state officials interested in our views on such policy issues as technical corrections to the bonus depreciation rules, the Section 280G "golden parachute" proposed regulations and the need for uniformity throughout Ohio with respect to non-qualified deferred compensation and municipal taxation.
- Obtained favorable technical advice memorandum from the IRS National Office which eliminated \$76 million of tax for a public utility with respect to stranded costs.
- Represented a Fortune 500 manufacturing company on Modification of Debt Instrument issue and obtained a full concession from the government; \$135 million plus interest.
- Working with a Fortune 350 financial institution on a \$500 million LILO/SILO matter.



## Transactions, Financings & General Tax Planning

Our Transactional Tax Practice has substantial experience in taxable and tax-free mergers and acquisitions, international tax planning, tax-exempt organizations, corporate and partnership tax, like kind exchanges, executive compensation and state and local taxation. We represent a full spectrum of clients ranging from publicly held corporations, financial institutions and pension plans to closely held corporations, partnerships and nonprofit organizations.

### Representative Services

- We structure mergers, acquisitions, joint ventures and other strategic alliances.
- We obtain private letter rulings from the IRS National Office, often on a very expedited basis, on complex transactions such as spin-offs and tax-free reorganizations.
- We counsel clients on the use of sophisticated financing vehicles such as securitizations.
- We provide independent reviews of tax products marketed by accounting firms and investment banks.
- We design and implement executive compensation arrangements, such as deferred compensation plans, stock options and other equity-based incentive plans and golden parachute agreements.
- We assist clients in reducing state franchise and sales taxes through creative multistate tax planning.
- We assist educational and charitable entities concerning their federal and state tax issues.

### Representative Matters

- Advised Fortune 100 U.S. bank on tax implications of issuing multibillion dollar bank notes to the public market.
- Represented largest closely held U.S. real estate developer with respect to income and partnership tax issues attributable to \$1.2 billion sale of shopping center properties to publicly held REITs.
- Assisted national retailer in multistate restructuring to minimize domestic sales taxes.
- Advised Fortune 200 U.S. multinational on structuring European joint venture with large Asian multinational.
- Structured tax-free consolidation of two Fortune 500 chemical processors.
- Advised on tax aspects of synthetic lease financing for large multinational oil company and major domestic retailer.

- Represented Fortune 100 U.S. bank on tax structuring of student loan and auto loan securitization transactions of over \$500 million.
- Structured tax-free mergers between two major U.S. bank holding companies.
- Structured acquisition of leasing, investment management and mortgage service subsidiaries by Fortune 100 U.S. bank holding company.
- Advised investment companies and venture capital firms on structuring strategic acquisitions and divestments.
- Advised numerous captive insurance companies on qualifying as an insurance company for tax purposes.
- Counseled foreign multinational corporation on taxable sale of U.S. chemical subsidiary corporation to U.K. publicly held corporation.
- Advised publicly held chemical processor on tax aspects of joint venture with publicly held Fortune 500 chemical processor.
- Advised on taxable sale of U.S. subsidiary from U.S. consolidated group by a publicly held foreign-owned aluminum processor.
- Counseled numerous start-up companies on choice of entity and eventual exit strategies with publicly held companies.
- Counseled publicly held shipping company on acquisition of interests in mining partnerships.
- Advised Fortune 500 paper company on merger with another Fortune 500 paper company.
- Structured taxable and tax-deferred acquisitions, dispositions and divisions of businesses, ranging in size from \$20 million to \$1.5 billion, with a number of transactions in the \$100 million to \$700 million range.
- Drafted plans and advised clients concerning numerous issues associated with executive compensation arrangements, including stock option plans, non-qualified deferred compensation plans, rabbi trusts that hold stock of affiliated corporations, split-dollar life insurance arrangements, golden parachute payments contingent on a change in control and incentive compensation designed to avoid the \$1 million compensation deduction limitation.
- Converted a qualified scholarship funding corporation to a for-profit entity under Section 150(d) by qualifying an over \$1 billion transfer of tax-exempt bonds and related assets and liabilities to a taxable corporation.
- Analyzed sale of accounts receivable and LIFO inventory in a bargain sale context.
- Drafted complex allocation provisions for partnerships and limited liability companies and analyzed the use of single member limited liability companies to achieve certain tax objectives.
- Structured the issuance of corporate securities and drafted language for the SEC prospectuses. Tax issues included the use of trust preferred securities to obtain favorable financing and accounting treatment and the avoidance of the interest deduction limitations of Section 279 and Section 163(l) for subordinated, convertible debentures.
- Represented shareholders of privately held corporation in an audit concerning whether preferred shares were Section 306 stock.
- Planned transactions between members of the same affiliated group, including strategies involving the Treas. Reg. Section 1.1502-13 inter-company transaction rules and the Treas. Reg. Section 1.1502-32 investment adjustment rules.
- Structured pension plan investments in real estate to avoid application of the unrelated business income tax and the interest stripping rules.

- Obtained Section 501(c)(4) tax-exempt status for a church-owned nursing home to avoid a large taxable gain on sale.
- Reviewed various tax proposals marketed to publicly held companies.
- Structured over 20 like-kind exchanges, including an exchange of partnership assets worth approximately \$50 million.
- Advised clients on contribution of real estate to an umbrella partnership real estate investment trust in order to defer gain.
- Provided analysis to preserve the use of tax attributes in numerous corporate acquisitions, including an analysis of the following provisions: Section 382, Section 384, the separate return limitation year rules, Section 269 and the Section 172(h) corporate equity reduction interest loss rules.
- Converted taxable subsidiaries of tax-exempt organizations into tax-exempt subsidiaries without triggering gain recognition.
- Structured the contribution of stock to a private foundation and the subsequent redemption in order to maximize the charitable income tax deduction.
- Obtained a private letter ruling holding that an equity-based incentive compensation arrangement for a key executive of a Section 501(c)(6) nonprofit entity participating in a for-profit joint venture did not jeopardize the nonprofit entity's tax-exempt status.
- Obtained a real property tax exemption on a split-listing basis for a substantial portion of a \$120 million combination performing arts center/office tower condominium project.

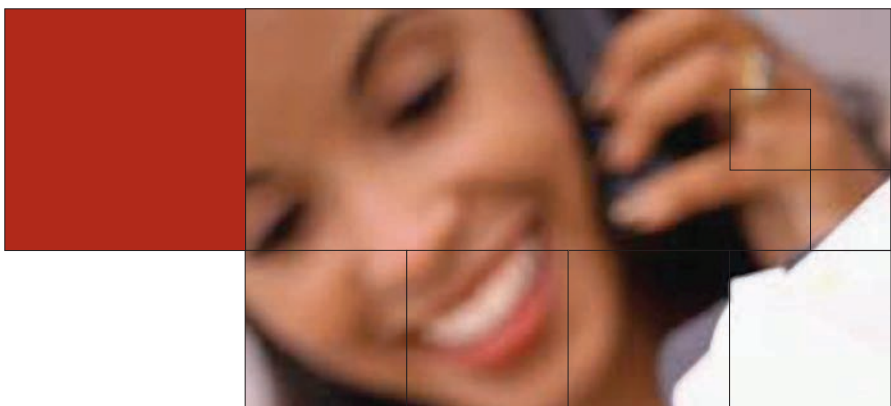


## Tax Controversies

Our Tax Controversy Practice focuses on handling federal, state and local taxpayer examinations and other contested matters for clients from around the country. The practice has grown dramatically over the past five years and has included among its clients one of the world's largest telecommunications companies, some of the nation's largest financial institutions and brokerage firms, a major airline, major utilities, large national retailers, many multinational corporations, some of the nation's largest real estate developers and a rock star. We have also represented privately held business entities in such industries as fast food, distribution, automobile dealership and healthcare.

### Representative Services

- We represent taxpayers before the IRS and other tax authorities in examinations, administrative appeals and criminal tax investigations, and in litigation before the Tax, Claims and District Courts, as well as before state and local courts.
- We specialize in cases involving particularly difficult issues, many of which are handled on a value added basis.
- We have helped many Fortune 500 companies utilize the new LMSB examination initiatives and procedures such as "Fast-Track Appeals" and "Pre-Filing Agreements."



- We assist clients who have an interest in impacting the direction of tax policy at both the federal and state levels on both administrative and legislative issues.
- We mediate/arbitrate taxpayer disputes with both the IRS and state tax authorities.

### **Representative Matters**

- Eliminated over \$400 million in tax, penalty and interest for a U.S. subsidiary of a foreign corporation with respect to elimination of U.S. withholding tax on distributions to foreign parent, determination of tax basis of subsidiary stock under U.S. consolidated return regulations, reduction of excess loss account income arising from termination of U.S. consolidated group, elimination of proposed transfer pricing adjustments and reduction of gain on sale of subsidiary stock.
- Assisted U.S. manufacturer in obtaining \$90 million tax reduction in matter concerning proper method of allocating income and expense between U.S. and foreign sources under IRC Section 861.
- Recovered \$57 million in tax and interest for Fortune 50 telecom with respect to 1986 Tax Act transition investment tax credits on capital improvements.
- Obtained full concession by the IRS of \$30 million in tax with respect to losses attributable to transfer price charged to foreign joint venture.
- Assisted in obtaining full concession by IRS of \$14 million in tax in matter concerning income tax implications of borrowing against an installment note.
- Recovered an \$11 million refund for a national retailer for a specified liability loss deduction.
- Settled a personal holding company issue for a large national shopping center developer.
- Recovered \$4.6 million in tax and interest for Fortune 250 client in settlement of U.S. Court of Federal Claims litigation concerning creditable Brazilian taxes and dividends received deduction.
- Obtained a full concession by the IRS of \$4 million in tax with respect to a claim of right issue for an electric utility.
- Negotiated closing agreement resulting in recovery of \$3.4 million refund attributable to excessive payments of deficiency interest by Fortune 500 client to IRS.
- Obtained favorable private letter ruling which allowed real estate client to claim \$3 million of low-income housing tax credits.

# OUR CLIENT SERVICE PLEDGE

## What Our Clients Can Expect From Us . . .

### 1. We will know your business.

We make it our business to understand your business. We will invest our time and resources to develop and maintain knowledge of the dynamics that impact both your industry and your organization. Understanding your business will help us provide better counsel to you.

### 2. We will plan our engagements with you.

We know that clients differ in their goals, risk tolerance and a variety of other factors that must be taken into consideration before work can begin on any matter. At the beginning of every significant matter, we will work with you to develop a plan to meet your strategic goals. By agreeing on a plan at the beginning—and adjusting it as needed—we will stay focused on what is most important to you.

### 3. We will manage your work as if we were the client.

We will work with you to manage your costs. We will staff every matter with the right resources, and we will manage the work as if we were the client—delivering the highest quality of service on time and in the most cost-effective manner.

### 4. We will be available when you need us.

We recognize that you often need to make swift decisions and act quickly. We will be ready to act for you when you need us, and we will make ourselves available wherever and whenever necessary.

### 5. We will communicate often.

Our goal is that you will never be surprised about developments in anything we are handling. We will provide regular updates on the progress of your matters, including all significant developments and changes to scope, timeline or budget.

### 6. We will provide the highest-quality counsel.

Above all else, we stand for the highest quality. Our lawyers, paralegals and staff take pride in the work they do. From the boardroom to the courtroom, you can count on Thompson Hine for the highest-quality service.

## What Our Clients Can Do To Help . . .

### 1. We ask you to share your goals.

The more we know about your goals, the better we can manage our services to help you attain them. If your goals change as a matter progresses, we ask that you tell us, so we can adjust our approach to meet your expectations.

### 2. We want to know your preferences for working with us.

We ask you to tell us your preferred methods of communication, invoice and billing procedures, and anything else that is important to you, so that we can deliver our service the way you want it.

### 3. We need your feedback.

We want your feedback on our performance so that we can continue to meet and exceed your expectations.

## About Thompson Hine

Established in 1911, Thompson Hine is a business law firm dedicated to providing superior client service. The firm has been recognized as one of the Best Corporate Law Firms in America in an annual survey of corporate directors conducted by *Corporate Board Member* magazine. With approximately 400 lawyers in offices in **ATLANTA, CINCINNATI, COLUMBUS, CLEVELAND, DAYTON, NEW YORK** and **WASHINGTON, D.C.**, Thompson Hine serves premier businesses worldwide, including:

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SOLVAY S.A.

STERIS CORPORATION

THE TORO COMPANY

VERIZON

WELLPOINT, INC.

WHIRLPOOL CORPORATION



2002 • 2005 • 2006 • 2007  
2008 • RECIPIENT



Ranked as a Leading Firm  
by Chambers USA • 2003 - 2010



Ranked as a Top 25 Firm for  
Client Service • 2008 • 2009 • 2010

## For More Information

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