PENN STATE LAW

CENTER FOR THE STUDY OF MERGERS AND ACQUISITIONS

SLIDES ILLUSTRATING (1) A PROTOTYPICAL INVERSION TRANSACTION, AND (2) THE IMPACT OF TREASURY AND IRS NOTICE 2014-52

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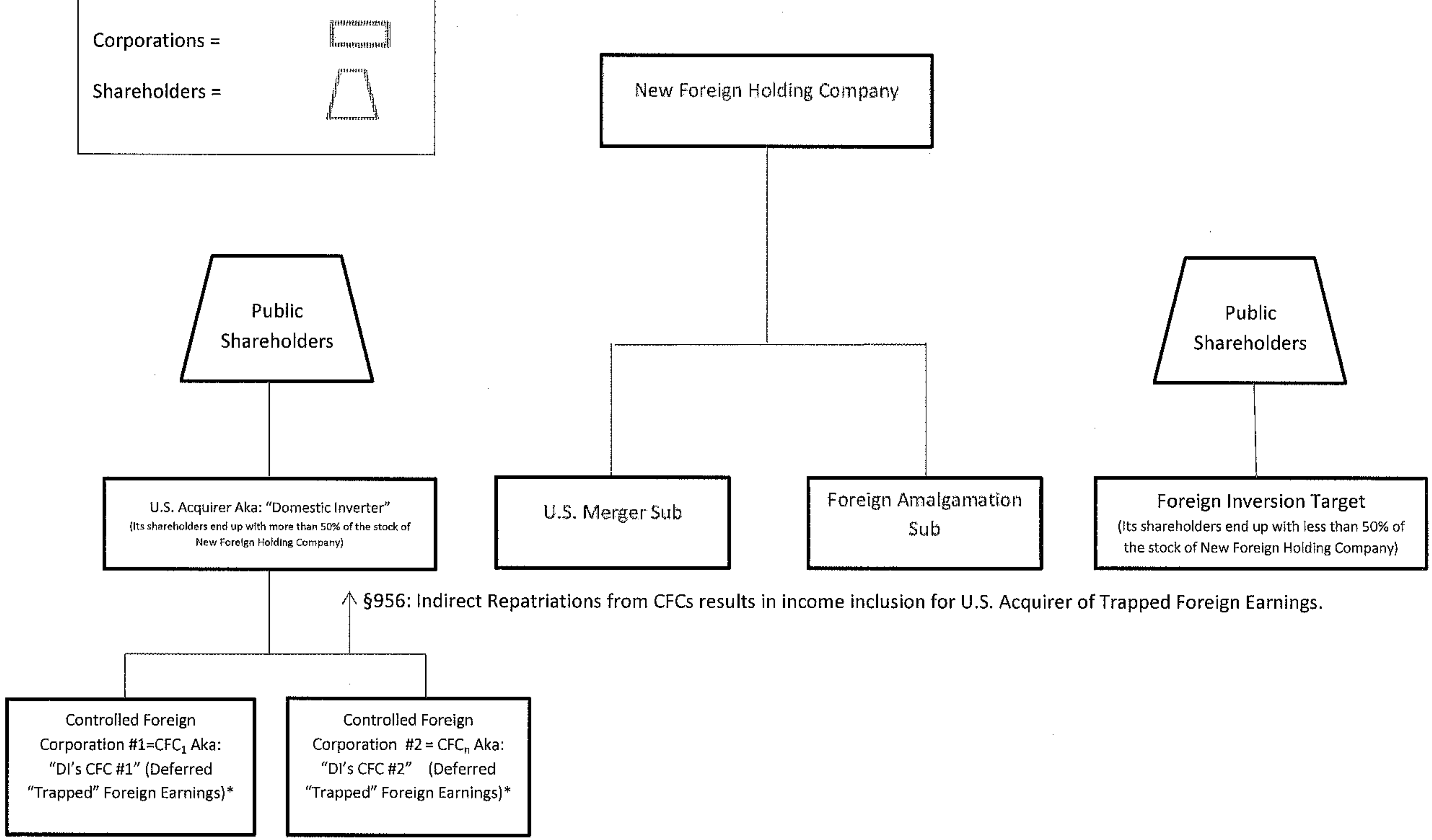
PROTOTYPICAL INVERSION TRANSACTION

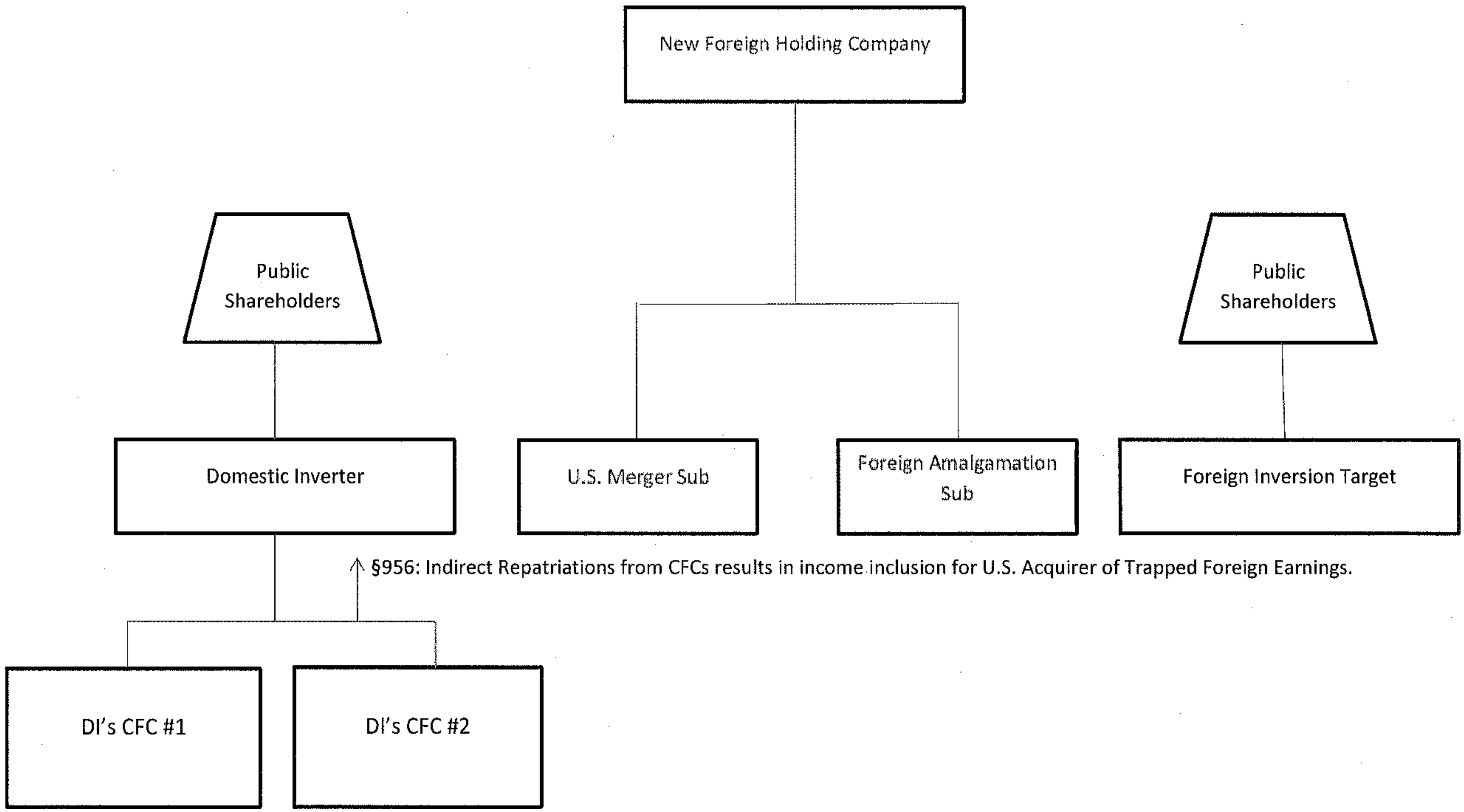
SLIDE #1 PRE-TRANSACTION STRUCTURE



*Total Deferred "Trapped" Foreign Earnings of all CFCs = $2 trillion ($1 trillion in cash)

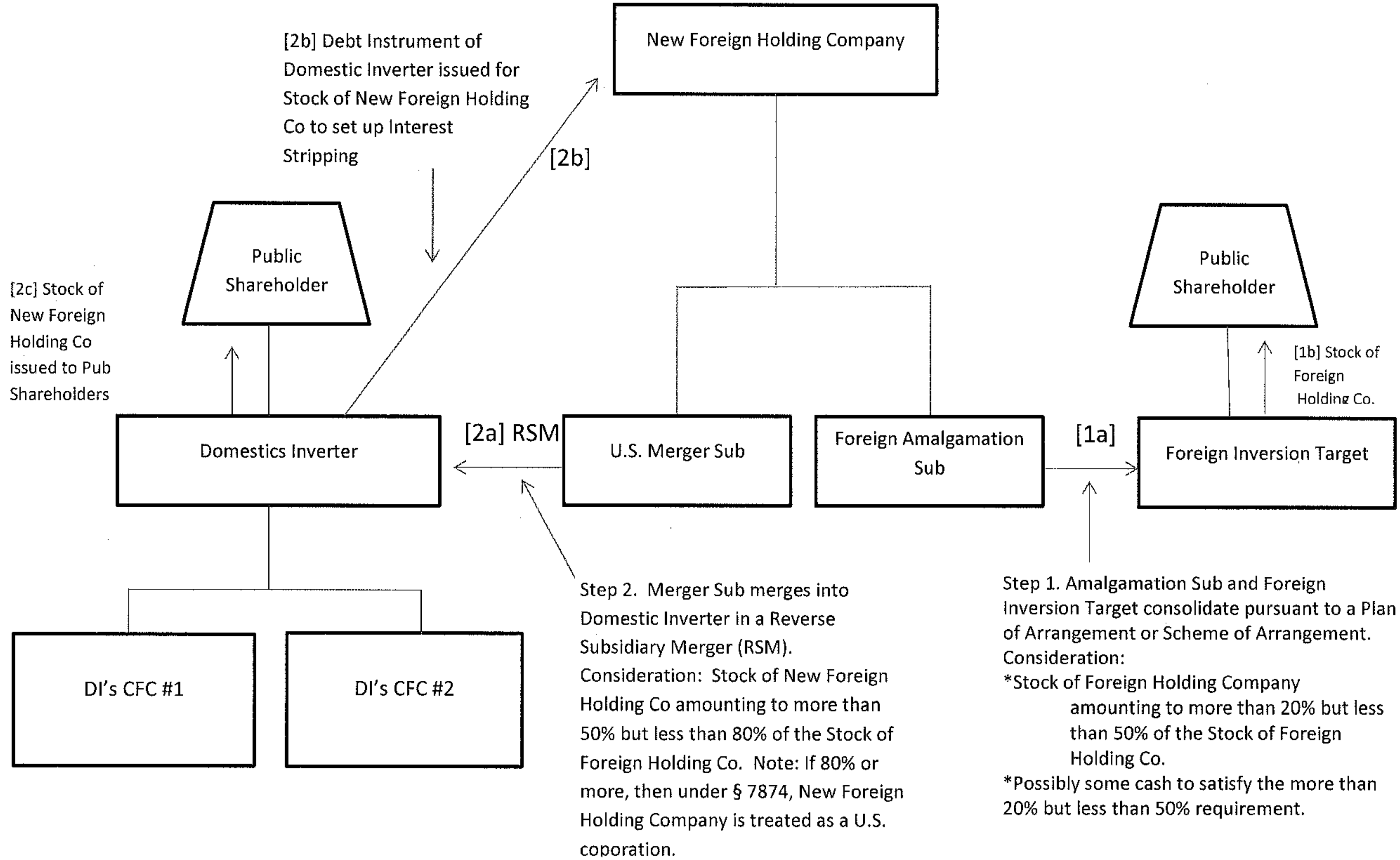
PROTOTYPICAL INVERSION TRANSACTION

SLIDE #2 SUMMARY OF THE PRE-TRANSACTION STRUCTURE



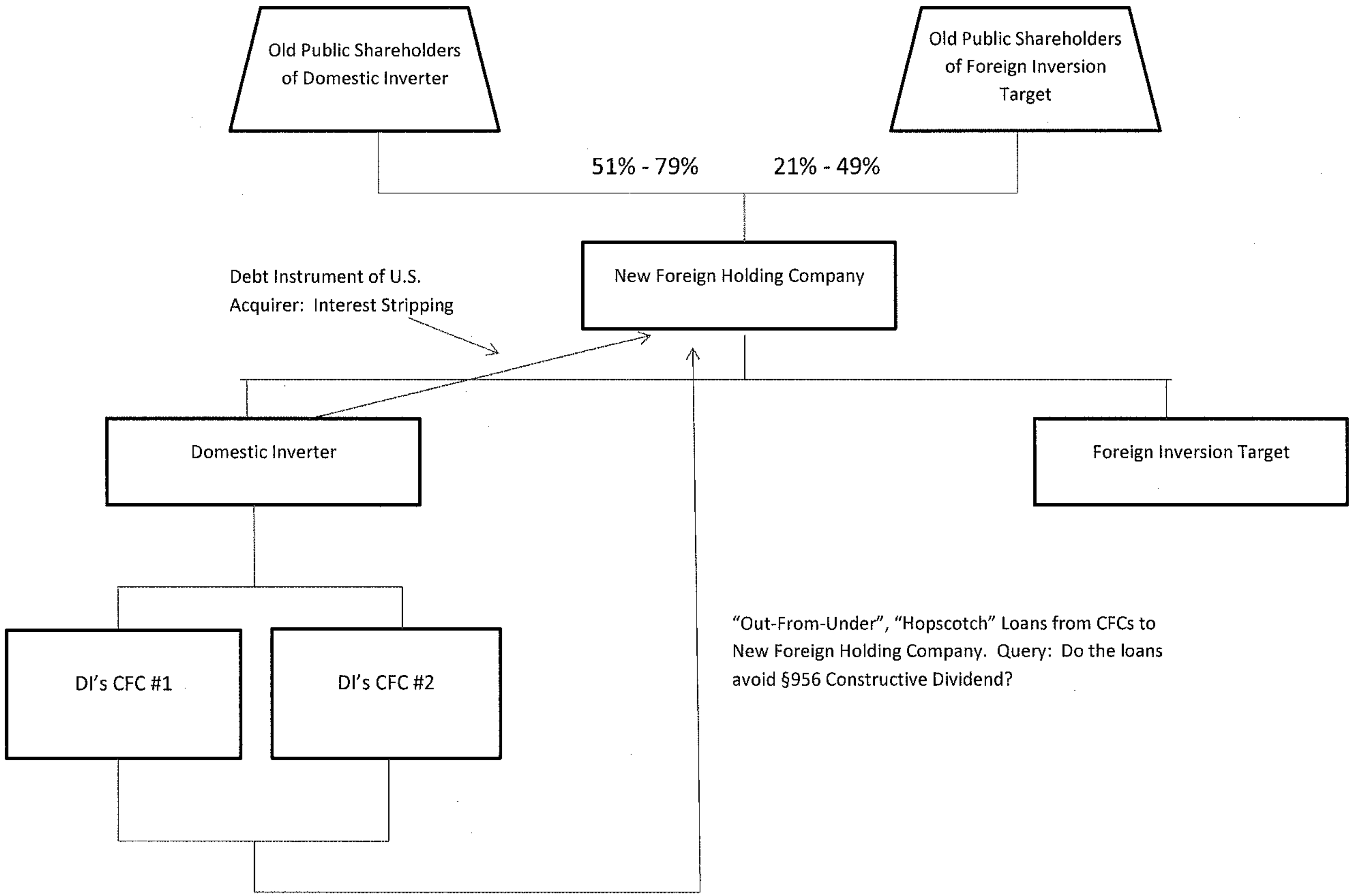
PROTOTYPICAL INVERSION TRANSACTION

SLIDE #3 THE TRANSACTION



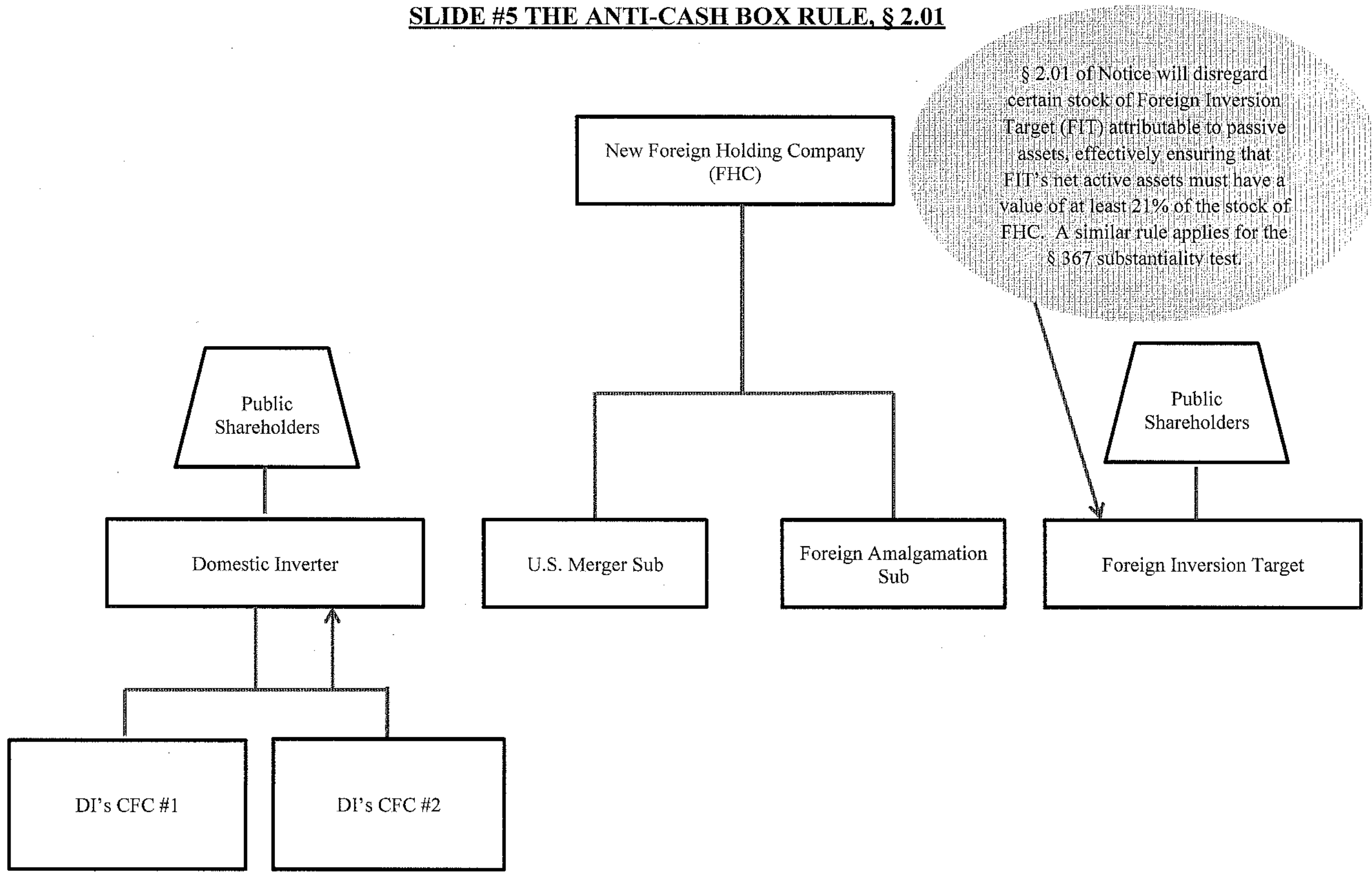
PROTOTYPICAL INVERSION TRANSACTION

SLIDE #4 POST TRANSACTION STRUCTURE



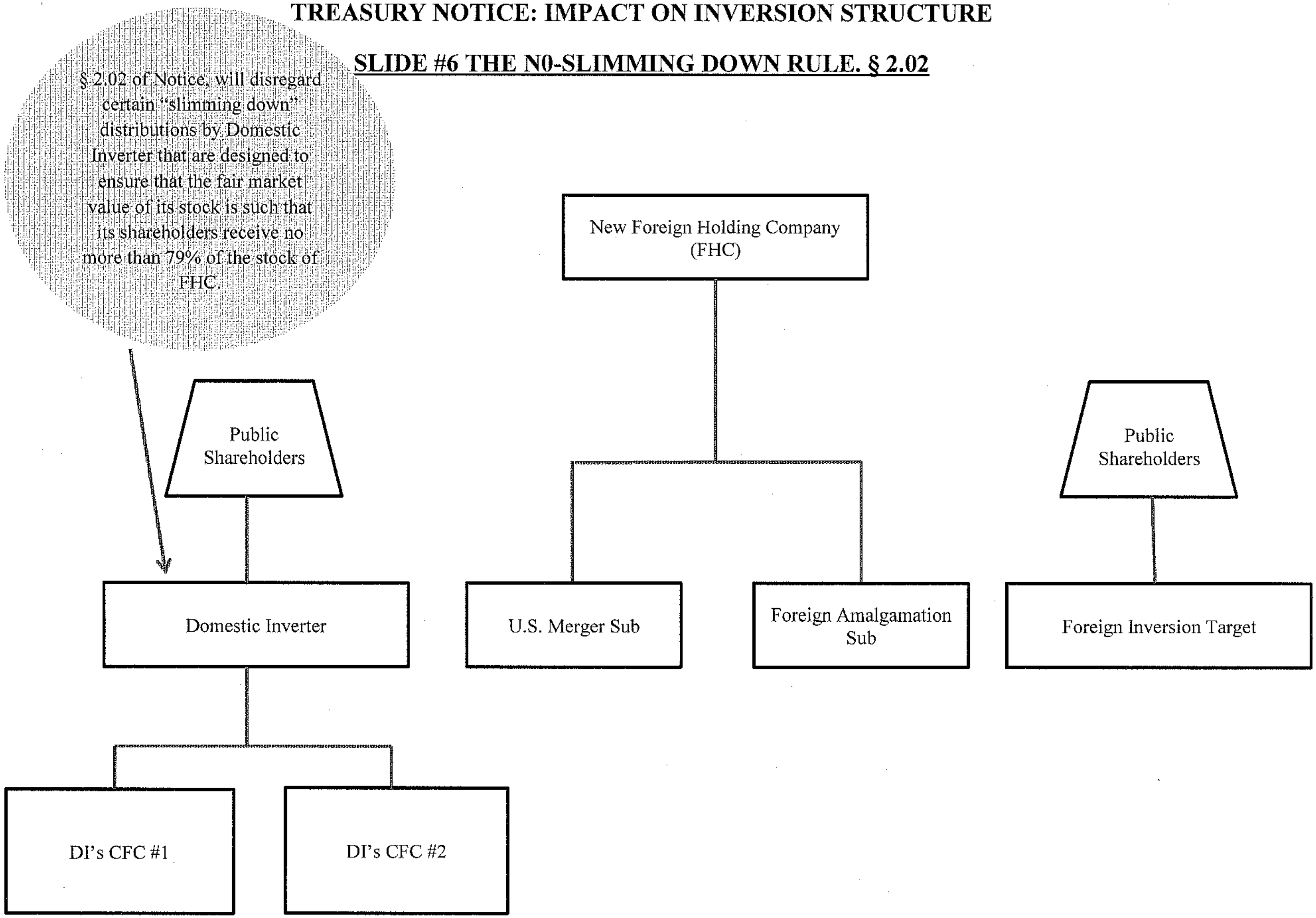
TREASURY NOTICE: IMPACT ON INVERSION STRUCTURE

SLIDE #5 THE ANTI-CASH BOX RULE, § 2.01

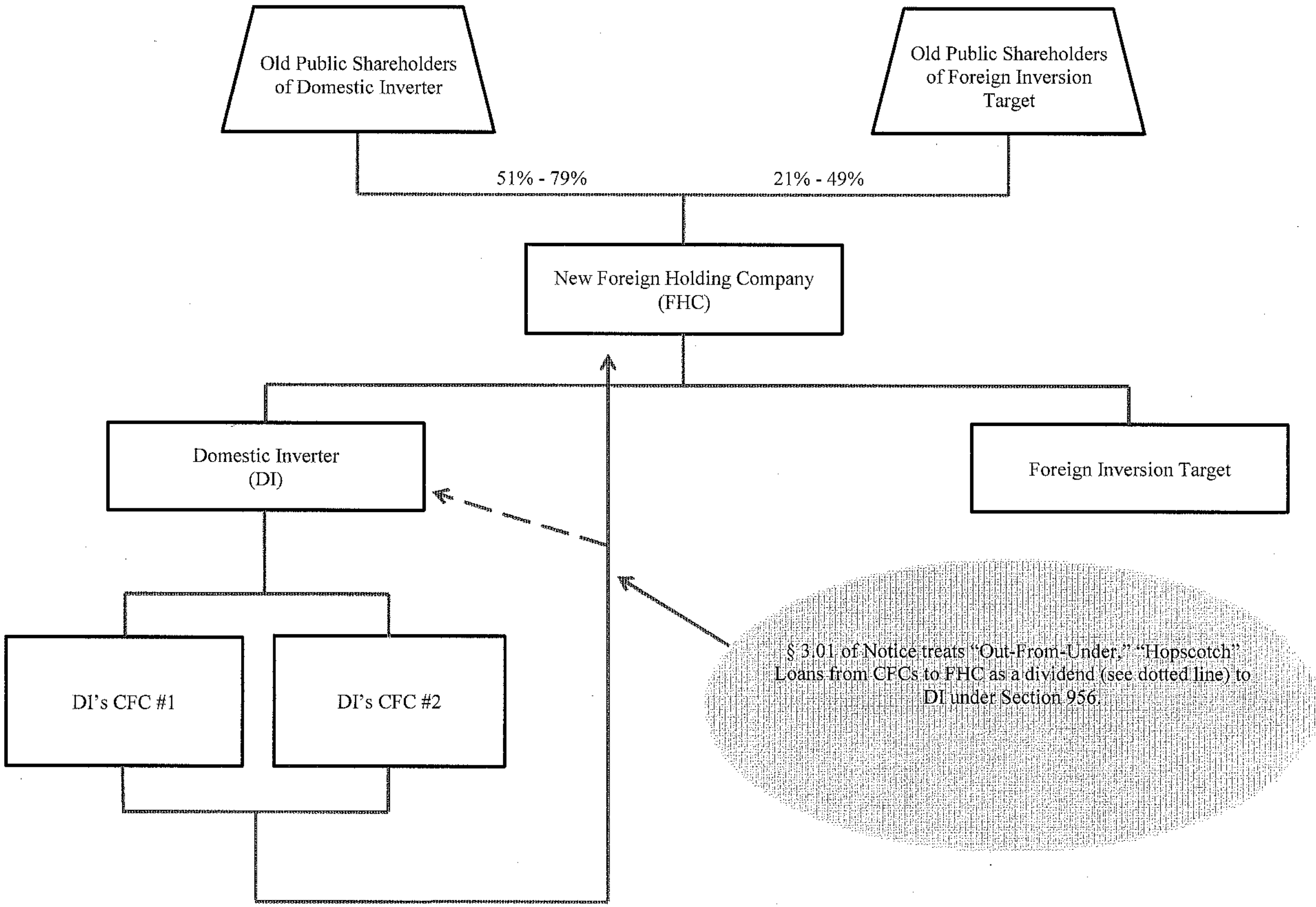


TREASURY NOTICE: IMPACT ON INVERSION STRUCTURE

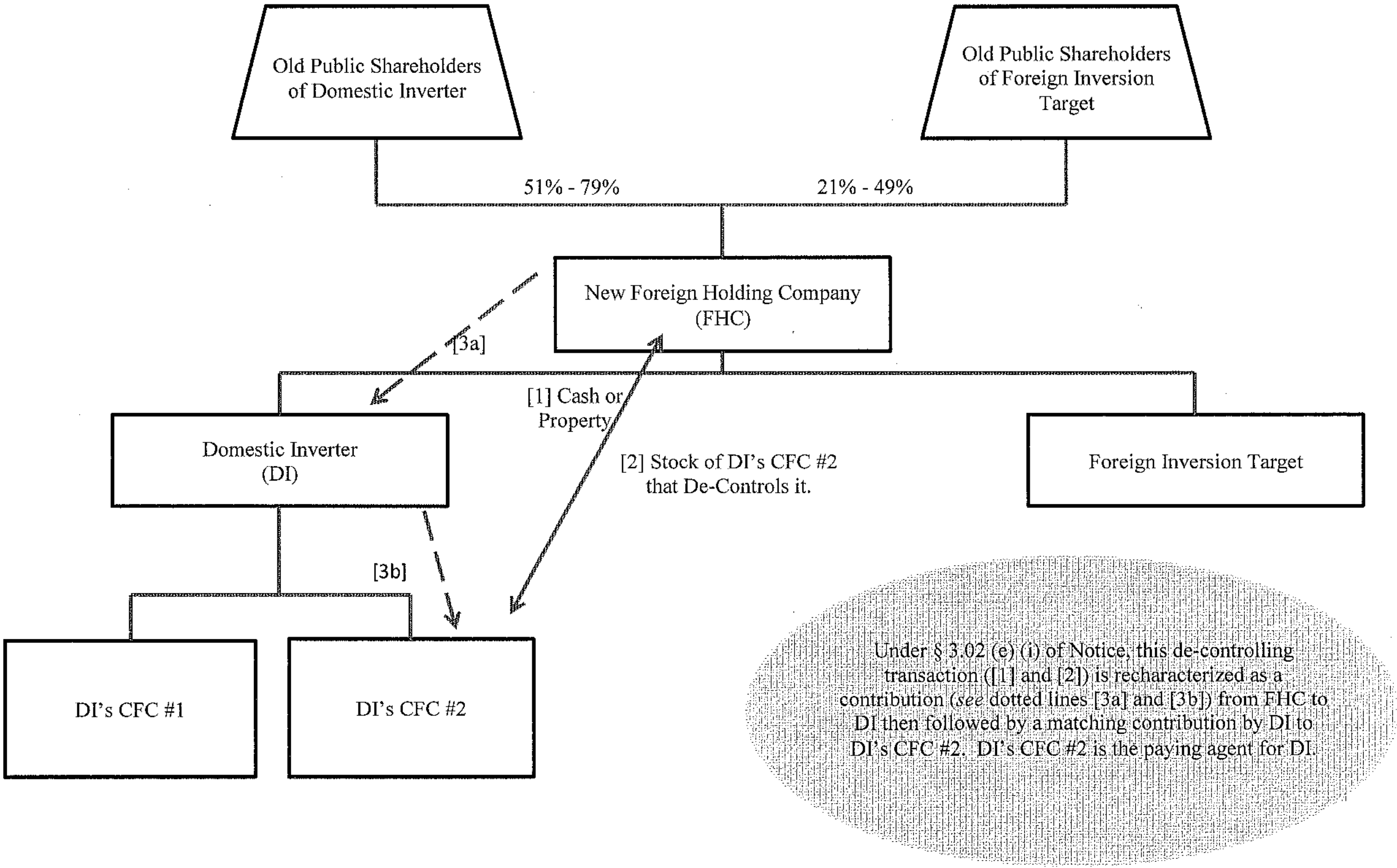
SLIDE #6 THE N0-SLIMMING DOWN RULE. § 2.02



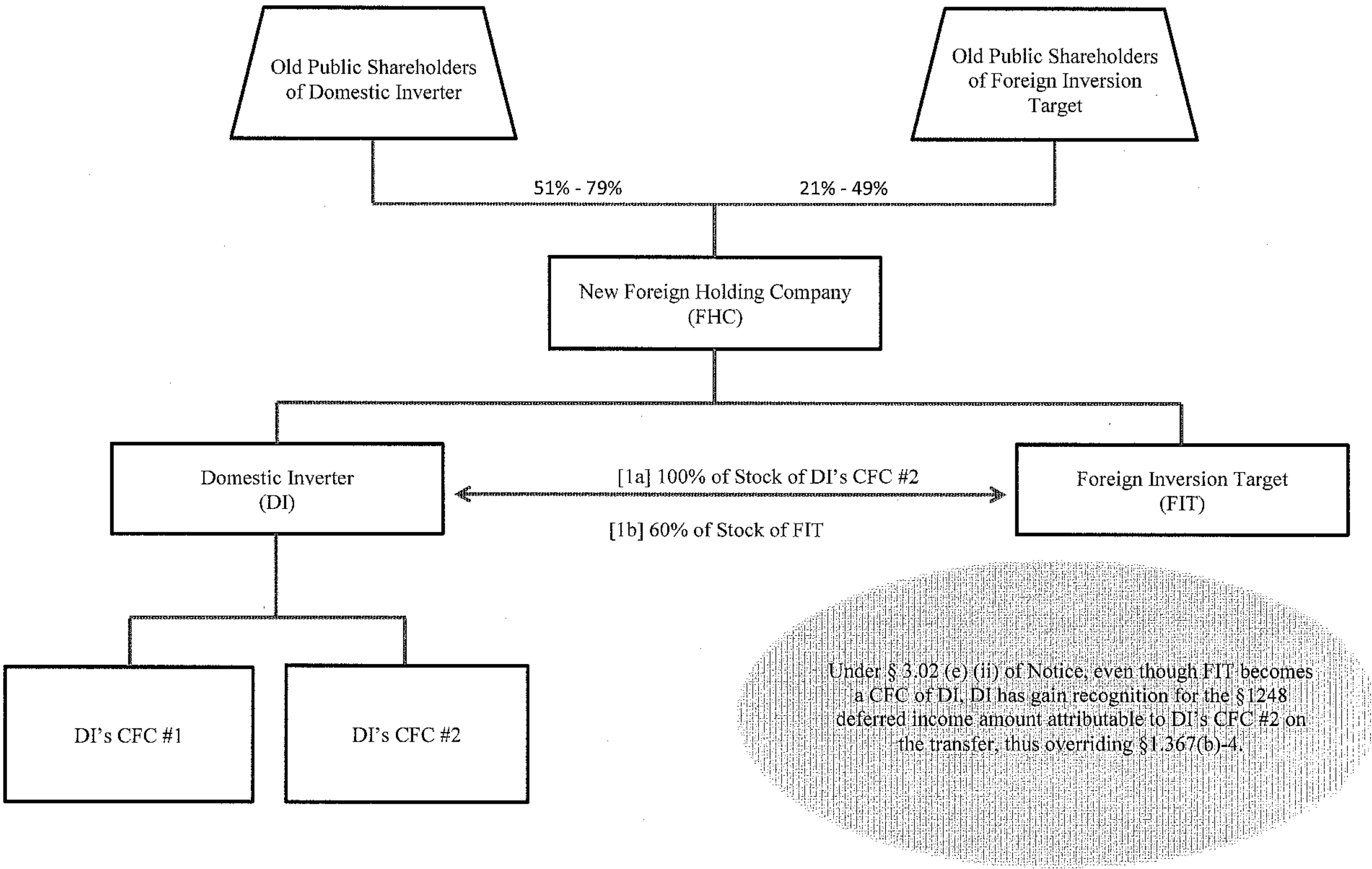
TREASURY NOTICE: POST-INVERSION TAX AVOIDANCE
<u>SLIDE #7 ANTI-HOPSCOTCH LOAN RULE, § 3.01</u>



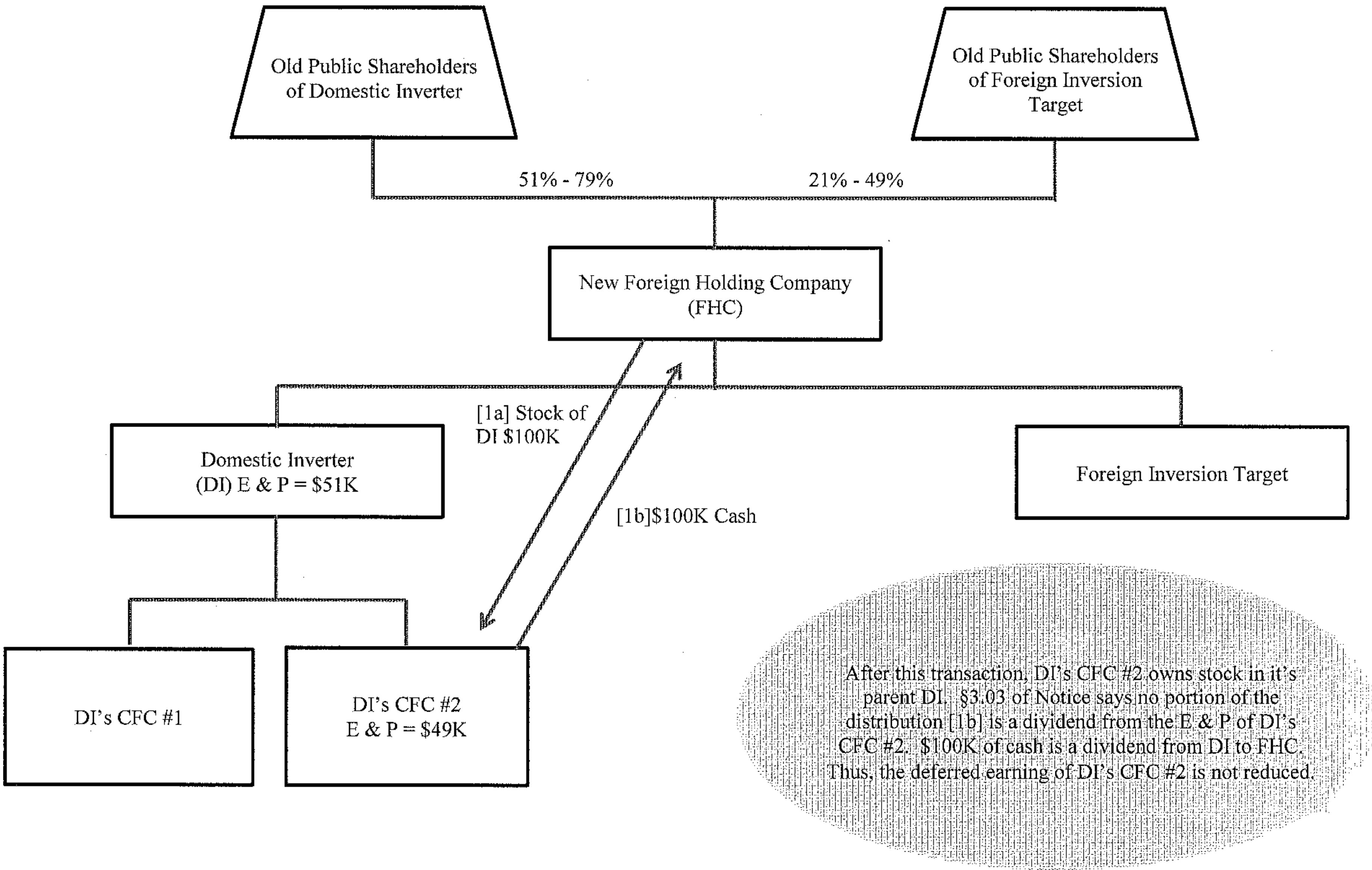
TREASURY NOTICE: POST-INVERSION TAX AVOIDANCE
SLIDE #8 ANTI-DECONTROL OF CFC RULE, § 3.02 (e) (i)



TREASURY NOTICE: POST-INVERSION TAX AVOIDANCE
SLIDE #9 ANTI-DILUTION OF INTEREST IN CFC RULE, § 3.02 (e) (ii)



TREASURY NOTICE: POST-INVERSION TAX AVOIDANCE
SLIDE #10 ANTI-SECTION 304 AVOIDANCE RULE, § 3.03



TREASURY NOTICE: POST-INVERSION TAX AVOIDANCE
SLIDE #11 POTENTIAL ANTI-INTEREST STRIPPING RULE, § 5