

INTERNATIONAL INCOME TAX MANAGEMENT

“In my estimation, every Fortune 1000 company needs Liquid Engines’ software to master the complexities and challenges of international tax management and planning. The opportunities and benefits are large. Minimizing taxes, repatriation planning, and tax and business coordination can all be enhanced with Liquid Engines’ technology.”

James Fuller
Partner, Fenwick & West LLP

Highlights

Designed for real-time tax planning, audit analysis, and tax forecasting

Tax database of U.S. consolidated, domestic, and foreign legal entities

Unlimited multi-year, multi-jurisdiction “what if” modeling; supports iterative and comparative modeling

Multi-year, multi-tier, multi-currency modeling

Menu-driven modeling wizards

Comprehensive, parallel multi-year regular and AMT computations

Tax optimizers for dividend planning and debt placement

Built-in logic for CFCs, partnerships, branches, disregarded entities, and hybrid entities

Carryforward and carryback analysis for NOL, FTC, R&D credits, and other business credits

Comprehensive sourcing of income, as well as allocation and apportionment of expenses

Country tax rates, withholding rates, currencies, and U.S. tax rules

Centralized documentation

Data import from compliance, ERP, legal, proprietary systems, and spreadsheets

Robust reporting system with Excel integration and pivot table capability

Liquid Engines ITx

In today’s challenging business and regulatory environment, international tax professionals need to employ tax management practices that not only effectively manage worldwide ETR, but also reduce risk and add value to the business. Today’s tax professionals need to manage and anticipate risks that could have long-term impact on shareholder value and company reputation, and be able to respond to inquiries at the “speed of business.” Meeting these demands is easier said than done, however. Effective and efficient global tax management requires a thorough understanding of a wide range of related variables and an accurate assessment of their impact over multiple years and jurisdictions. Changes in global economies, business forecasts, regulatory reporting, and audit assessments all have future year impact on tax filing positions and must be considered in the analysis process. In addition, corporate governance guidelines require that all analyses be documented and auditable—as well as accurate. Unfortunately, traditional decision-support tools, such as spreadsheets, have proven to be error-prone and difficult to audit, and are far too labor-intensive to use for comprehensive, multi-variant analysis.

Liquid Engines meets this challenge with the industry’s only software application specifically designed for real-time, multi-year, multi-national tax planning, audit analysis, and tax forecasting. Liquid Engines ITx uniquely combines unlimited “what if” analysis capabilities with built-in tax intelligence and a centralized income tax database to enable users to advance beyond traditional spreadsheet modeling and analysis to a decision-making process that is more efficient, accurate, and transparent. Built for the web and scalable to support multi-tier entity structures, ITx streamlines the modeling process, provides rapid access to tax information, and simplifies record-keeping procedures.

Armed with ITx, international tax professionals are able to positively impact the company’s bottom line by efficiently and effectively managing the overall U.S. income tax effect of:

- U.S. and foreign audit settlements
- The utilization of foreign tax credits (FTC)
- Legislative changes
- Dividend planning and repatriation
- Restructuring decisions
- Mergers and acquisitions
- Earnings and profit (E&P)

Liquid Engines ITx—Empowering International Tax Professionals

Armed with the robust capabilities of ITx, international tax and treasury professionals are empowered to optimize and manage international corporate structures, determine the multi-year tax impact of business changes and audit settlements, maximize the benefit of various financial strategies, and improve responsiveness and service levels.

Streamline the Modeling Process with Built-in Intelligence

Liquid Engines ITx offers tax professionals a robust interconnected environment that streamlines complex multi-year, multi-jurisdiction modeling and analysis. Embedded in ITx are tax-specific calculations, tax rules, and menu-driven wizards that ensure accuracy and simplify the modeling process. ITx also offers unlimited ad hoc “what if” modeling by supporting the ability to create, compare, duplicate, and edit user-defined scenarios. In addition, ITx’s parameter-driven approach makes it easy to modify embedded tax rules or create user-defined rules to apply negotiated tax terms or model pending legislation. With a few simple keystrokes, international tax professionals can assess the multi-year impact of planned acquisitions, U.S. and foreign audit settlements, and various tax positions and financial strategies. The result is a decision-making process that is more efficient, accurate, and transparent.

ITx simplifies complex multi-country/multi-year modeling and analysis of:

- **Restructuring planning**— Model structure changes and check-the-box scenarios to optimize tax savings.
- **Comprehensive income sourcing, allocation, and apportionment of expenses**—Plan and define the expense apportionment method that maximizes foreign tax credits.
- **Subpart F income**—Quantify the impact of Subpart F foreign source income by basket type.
- **Intercompany transactions**— Assess the tax impact of intercompany transactions.
- **NOL, FTC, R&D credits, and AMT credits**—Document, report on, and maximize utilization across multiple years. Automatic carryback/carryforward.
- **Repatriation**—Plan repatriation strategies, automatically accounting for FTC limitations, E&P, foreign taxes, and withholding taxes.

Optimize Your Tax Profile with Unprecedented Thoroughness and Accuracy

Unmatched in the industry, ITx’s patent-pending optimizers are designed to address highly complex international tax management challenges. Combining sophisticated mathematical and economic algorithms with tax rules and corporate data, the international optimizers rapidly calculate the tax impact of hundreds—in some cases, thousands—of potential alternatives and present the best options. In addition, the Liquid Engines’ optimizers offer a wizard-driven interface that makes it easy for users to apply constraints based on current business considerations. Applying company-specific constraints, such as ranges for dividend amounts, ensures the optimizers will evaluate only the options that provide specific tax savings.

Armed with this unique technology, tax departments no longer have to invest months of work to reach what might be the correct answer. Leveraging the ITx optimizers, identifying a method to tax-optimize the cash to be received from foreign operations—while considering the future-year impact on credits, etc.—is not only possible, it can be determined in a matter of minutes or hours. ITx includes the following optimizers:

- **Dividend Planning Optimizer**— designed to calculate the lowest tax cost of repatriating cash from foreign subsidiaries.
- **Debt Placement Optimizer**— designed to work with the Dividend Optimizer to determine whether it is more cost effective to borrow or to bring cash back to the U.S.

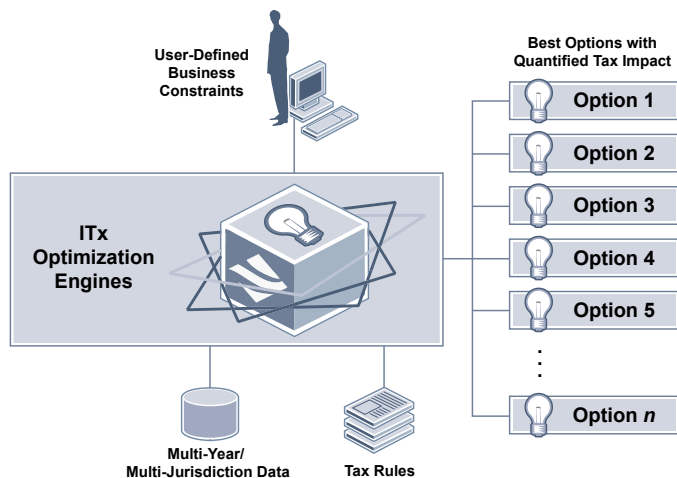


Figure 1: Using the ITx optimizers, tax organizations are no longer hindered by manual, error-prone spreadsheet-based methodologies for creating and analyzing dividend and debt models. Instead, they benefit from a level of efficiency, certainty, and transparency that was never before possible.

Centralized Data Provides Accessibility and Transparency

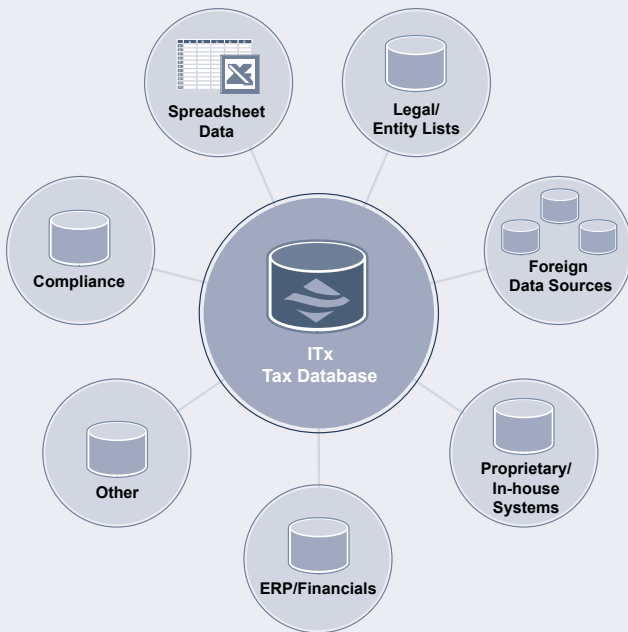


Figure 2: The legal entity-centric, multi-year data repository is completely customizable and supports data import from an unlimited number of sources.

The Liquid Engines ITx solution comes complete with a configurable, comprehensive tax data repository. For the first time, international tax teams can collect, standardize, and centralize critical data associated with both local and U.S. taxation. This capability eliminates the challenge of managing independent data silos, disparate tax systems, and individual spreadsheets. In addition, the centralized data repository provides rapid access to critical data and the transparency needed to adhere to today's corporate governance guidelines. The data repository includes regular and AMT information for:

- Multi-year entity structure, including branch-level data
- Multi-year domestic and foreign tax treatment
- U.S. consolidated group, domestic, and foreign entities
- Local P&L to current-year E&P views
- Sourcing, allocation, and apportionment
- E&P and tax pools
- Intercompany transaction structure and related data
- Distributions
- Subpart F
- FTCs, NOLs, SLLs, OFLs, and R&D credits

Instantly Create Comprehensive Reports

Liquid Engines ITx includes robust reporting capabilities that provide users with quick access to vital tax information. ITx reports are easy to access and run, and enable users to create comprehensive views that accurately reflect current and future tax positions and provide critical Sarbanes-Oxley documentation. In addition, ITx reports are fully integrated with Microsoft Excel, so the final report format is familiar and easy to use. ITx reporting capabilities include:

- **Standard Reports**—View FTC utilization, the impact of international operations on U.S. tax, and a summary of U.S. consolidated tax calculations.
- **Structure Reports**—Generate a country tax rule listing or report on foreign entity ownership.
- **Custom Reports**—Select report options such as apportionment base by foreign entity across multiple years; distribution analysis summary by foreign entities; E&P effective rate analysis across multiple scenarios; sourcing, allocation, and apportionment summary; and Subpart F analysis by CFC.
- **Analysis Views**—Compare CFCs by year, by current E&P, and by E&P and tax pools. Locate the available pools for repatriation by year, tax threshold, and basket type. Analyze the impact of proposed distributions across CFCs.

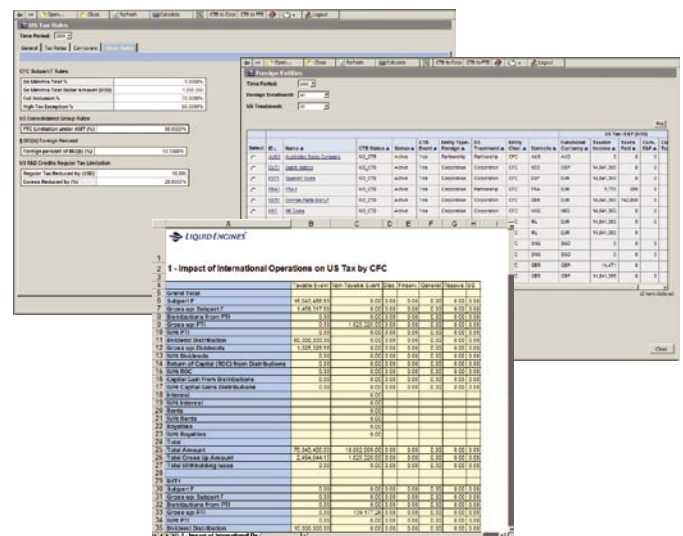


Figure 3: Extensive reporting capabilities support and document tax planning and management efforts.

Liquid Engines: Optimizing Tax Performance

Today's tax professionals are under growing pressure to provide accurate forecasts, infuse cash into the business, manage the impact of changes in legislation, reduce audit exposure, and adhere to corporate governance guidelines. Hindered by constrained resources and limited technology, tax professionals have been struggling to meet these high demands, often resulting in unnecessary tax expense, an increased tax risk exposure, and the misuse of high-value employees.

Liquid Engines addresses these issues with a revolutionary software application that enables corporate tax departments to optimize their tax performance by:

Reducing tax risk

Rapidly and accurately forecast the multi-year tax impact of changes in business forecasts, business events, and legislative and regulatory environments.

Minimizing tax liability

Identify an optimal tax profile that balances tax savings and appropriate risk, given known business conditions.

Increasing efficiency and effectiveness

Improve responsiveness to inquiries, reduce operational expenses, and move resources to high-value activities.

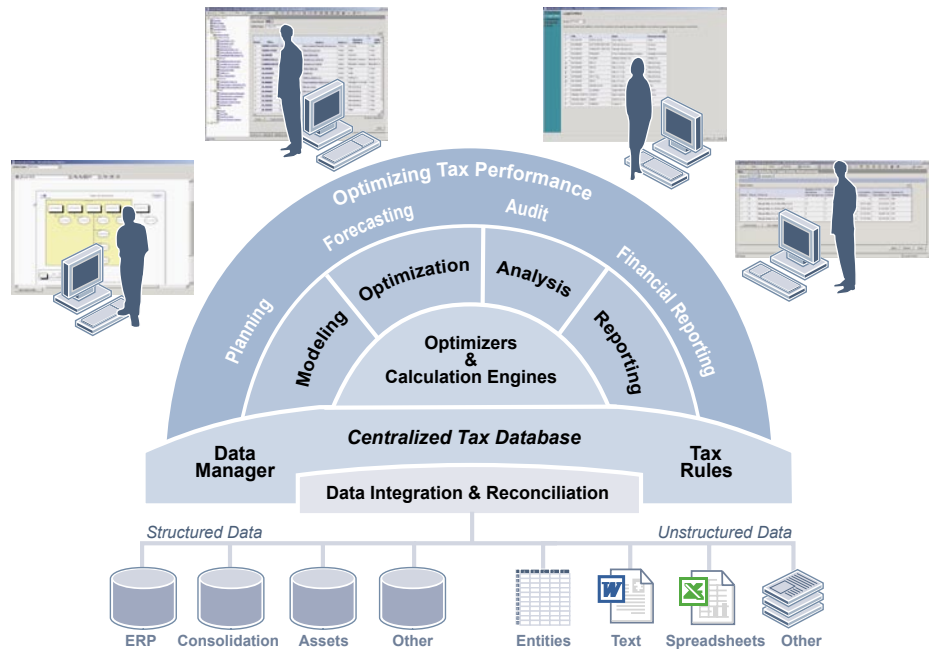


Figure 4: The first of its kind, Liquid Engines' real-time, multi-year software offers a fully integrated, robust application environment designed to meet the complex needs of corporate tax departments.

Both of Liquid Engines' products, STx (multi-state) and ITx (international), are specifically designed to support real-time, multi-year/multi-jurisdiction tax planning, forecasting, audit analysis, and financial reporting. Completely web-based and easy to use, the products combine tax-specific modeling tools, breakthrough optimization technology, and comprehensive reporting capabilities with a centralized data repository and embedded tax rules.

Built to handle even the most complex corporate tax structure, Liquid Engines streamlines the modeling process, enhances accessibility to critical data, and ensures a higher level of accuracy and transparency.

Armed with Liquid Engines' revolutionary software, corporate tax departments now have the speed, agility, and control they need to achieve an optimal tax profile and improve the overall efficiency and effectiveness of the tax function.



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