

Potentially Abusive Tax Shelters and Reportable Transactions Flowchart

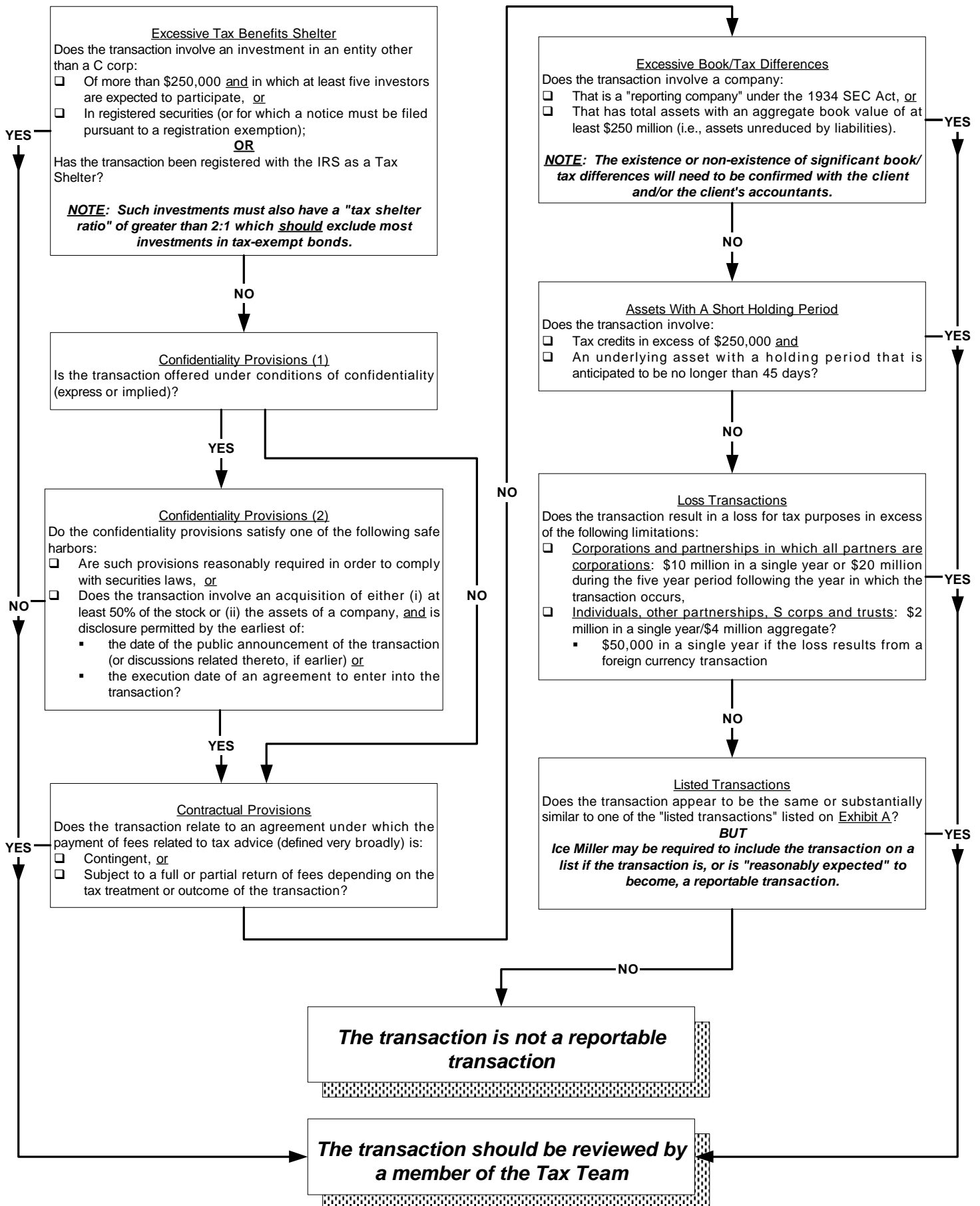


Exhibit A

Listed Transactions through November 7, 2003 (as described by the IRS in published guidance)¹

1. Transactions involving employer deductions for certain retirement plans. Transactions in which an employer claims a deduction in a tax year for contributions to certain qualified retirement plans, but the contributions are attributable to compensation earned by plan participants after the end of the tax year. Rev. Rul. 90-105, 1990-2 C.B. 69 (Dec. 24, 1990); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003); Rev. Rul. 2002-46, 2002-29 I.R.B. 117 (June 27, 2002), *modified by* Rev. Rul. 2002-73, 2002-45 I.R.B. 805 (Oct. 16, 2002).
2. Multiple Employer Welfare Benefit Funds. Certain payments to multiple employer welfare benefit funds that are intended to be exempt from the limits of Code Sections 419 and 419A. Notice 95-34, 1995-1 C.B. 309 (May 18, 1995); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
3. Foreign Tax Credit Transactions. Transactions in which the reasonably expected economic profit is insubstantial in comparison to the value of the anticipated foreign tax credits. Part II of Notice 98-5, 1998-1 C.B. 334 (Dec. 23, 1997); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
4. Contingent Installment Sales (“CINS”) Transactions. Transactions involving contingent installment sales of securities by partnerships to accelerate and allocate income to a tax-indifferent partner, such as a tax-exempt entity or foreign person, and to allocate later losses to another partner (i.e., transactions substantially similar to those at issue in *ASA Investering’s P’ship v. Comm’r* No. 98-1583 (D.C. Cir. Feb. 1, 2000) and *ACM P’ship v. Comm’r*, 157 F.3d 231 (3d Cir. 1998)). Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
5. Chutzpah Trust. Transactions involving certain distributions from charitable remainder trusts that are intended to treat distributions to beneficiaries, in whole or in part, as capital gains. Treas. Reg. § 1.643(a)-8; Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
6. Bond and Option Sales Strategy (“BOSS”). Transactions involving the distribution of encumbered property in which taxpayers claim tax losses for capital outlays that have, in fact, been repaid to the taxpayer. Notice 99-59, 1999-2 C.B. 761 (Dec. 10, 1999); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
7. “Fast-Pay” Stock Transactions. Transactions involving “fast-pay stock”; i.e., stock that is structured so that dividends paid by the corporation with respect to the stock are economically a return of the stockholder’s investment (as opposed to only a return on the

¹ See Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003), *supplementing and superceding* Notice 2001-51, 2001-2 C.B. 190 (Aug. 2, 2001) (which supplemented and superceded Notice 2000-15, 2000-12 I.R.B. 826 (Feb. 28, 2000)).

stockholder's investment). Treas. Reg. § 1.7701(1)-3; Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).

8. “Bull-Bear Bond” Trade. Certain transactions involving the acquisition of two debt instruments, the values of which are expected to change significantly at about the same time in opposite directions. Rev. Rul. 2000-12, 2000-1 C.B. 744 (Feb. 29, 2000); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
9. Son of BOSS. Transactions in which losses are generated as a result of artificially inflating the basis of partnership interests. Notice 2000-44, 2000-2 C.B. 255 (Aug. 14, 2000).
10. Parent-Subsidiary Stock Purchases. Transactions involving the purchase of a parent corporation's stock by a subsidiary, a subsequent transfer of the purchased parent stock from the subsidiary to an employee of the parent, and the eventual liquidation or sale of the subsidiary. Notice 2000-60, 2000-2 C.B. 568 (Nov. 17, 2000).
11. Guam Trusts. Transactions related to certain Guamanian trusts. Notice 2000-61, 2000-2 C.B. 569 (Nov. 22, 2000).
12. Intermediary Transactions. Certain pre-arranged transactions involving the use of an intermediary to sell the assets of a corporation whereby the intermediary agrees to facilitate a sale of stock to prevent recognition of gain that Target would otherwise report if it sold its assets to Buyer. Notice 2001-16, 2001-1 C.B. 730 (Jan. 19, 2001).
13. “Contingent Liability” Transactions. Transactions involving a loss on a sale of stock acquired in a contribution of a high-basis asset to a corporation and the corporation's assumption of a liability that the transferor has not yet taken into account for federal income tax purposes. Notice 2001-17, 2001-1 C.B. 730 (Jan. 19, 2001).
14. “Basis-Shifting” Transactions. Certain redemptions of stock in transactions not subject to U.S. tax in which the basis of the redeemed stock is shifted to a U.S. taxpayer. Notice 2001-45, 2001-2 C.B. 129 (Jul. 27, 2001).
15. Loan Assumptions to Inflate Basis. Transactions involving the use of a loan assumption agreement to claim an inflated basis in assets acquired from another party. Notice 2002-21, 2002-14 I.R.B. 730 (Mar. 18, 2002).
16. Contingent Payment Swaps. Transactions involving the use of a notional principal contract (i.e., a type of financial derivative instrument) to claim current deductions for periodic payments made by a taxpayer while disregarding the accrual of a right to receive offsetting payments in the future. Notice 2002-35, 2002-21 I.R.B. 992 (May 6, 2002).
17. Passthrough Entity Straddle. Certain transactions using a straddle (often in conjunction with a tiered partnership, S corporation or common trust fund arrangement) in which the gain leg of the transaction is allocated to one taxpayer and the loss leg is allocated to a

different taxpayer. Notice 2002-50, 2002-28 I.R.B. 98 (June 25, 2002); Notice 2002-65, 2002-41 I.R.B. 690 (Sep. 25, 2002); Notice 2003-54, I.R.B. 2003-33 (Jul. 16, 2003).

18. Lease-In, Lease-Out ("LILO") Transactions. Transactions in which a taxpayer leases property and then immediately subleases it back to the lessor. Notice 2002-69, 2002-2 C.B. 760 (October 28, 2002), *modifying and superseding* Rev. Rul. 99-14, 1999-1 C.B. 835 (Mar. 12, 1999); Notice 2003-76, 2003-49 I.R.B. 1 (Nov. 7, 2003).
19. Producer-owned reinsurance companies ("PORCs"). Income-shifting transactions involving producer-owned reinsurance companies that are subject to little or no U.S. income tax. Notice 2002-70, 2002-44 I.R.B. 765 (Oct. 15, 2002).
20. S corporation ESOP arrangements. Transactions involving certain ESOPs that are used primarily for the purpose of claiming eligibility for the delayed effective date of Code Section 409(p) (i.e., December 31, 2004). Rev. Rul. 2003-6, 2003-3 I.R.B. 286 (Dec. 17, 2002).
21. Irish Leasing Arrangements. Arrangements in which a taxpayer establishes a foreign employment leasing company, which is subject to little or no U.S. income tax, through which the taxpayer provides services to a related (or previously related) domestic company. Notice 2003-22, I.R.B. 2003-18 (Apr. 4, 2003).
22. Certain Payments to Collectively Bargained Welfare Benefit Funds ("WBFs"). Transactions in which (i) contributions to a WBF may not be the result of arm's length negotiations; (ii) the owners or key employees of the company receive disproportionately more benefits than rank-and-file employees; and (iii) the WBFs are established for the company to benefit from the related tax deductions. Notice 2003-24, I.R.B. 2003-18 (Apr. 11, 2003).
23. Transfers of Compensatory Stock Options to Related Persons. Transfers of nonstatutory compensatory stock options to a related party (e.g., a family member or an entity in which the individual or members of the individual's family hold a substantial interest) in order to avoid recognizing compensation income when the related person exercises the option. Notice 2003-47, I.R.B. 2003-30 (Jul. 1, 2003).
24. Accounting for Lease Strips and Other Stripping Transactions. Transactions in which one participant claims to realize rental or other income from property and another participant claims the deductions related to that income (for example, depreciation or rental expenses). Lease strips may take a variety of forms. Notice 2003-55, I.R.B. 2003-34 (Aug. 25, 2003), *modifying and superseding* Notice 95-53 related to Lease Strips; Rev. Rul. 2003-96, I.R.B. 2003-34 (Jul. 21, 2003) (reallocation of income and deductions among unrelated parties to a lease strip).