International Transaction

B Share Distribution

Transaction Overview: Many firms had trouble understanding this transaction and deciding how to book it. Although they temporarily held B share, the tax opinion essentially disregards the B shares and advises holders to treat cash received as a dividend.

Target company

Vodafone Group Plc (New)
[CUSIP: Vodafone Group Plc (New) ordinary [LSE: VOD], XXXXXX101; Vodafone Group Plc (New) B share, XXXXXX150; Vodafone Group Plc (New) ADS [NYSE: VOD], XXXXX100; Vodafone Group Plc (New) ordinary (new) , XXXXXX135; Vodafone Group Plc (New) ADS (new), XXXXXX209]

Description of transaction

7-31-06 Vodafone Group Plc (New) return of cash pursuant to B share distribution and 7-8 share consolidation [LSE, NYSE: VOD]. See below for taxability.

Special treatment of U.S. holders and ADS holders

B share distribution:
Per share Vodafone Group Plc (New) ordinary: 1 B share.
Per Vodafone Group Plc (New) ADS: 10 B shares.

B share alternatives: Holders of B shares may choose (1) initial redemption at 15 pence (U.K.) per share on 8-4-2006, (2) single B share dividend of 15 pence payable on 8-7-2006 (with B shares converting to deferred shares of negligible value) or (3) future redemption at 15 pence up until August 2008 and receipt of semi-annual B share dividend until redemption.

U.S. holders and ADS holders may elect only B share dividend (alternative 2). ADS holders receive $2.8317 (U.S.) for every 10 B shares based on exchange rate of $1.8878 per £1.

Details of consolidation

Share consolidation:
Per share Vodafone Group Plc (New) ordinary (old): 0.875 share Vodafone. Group Plc (New) ordinary (new) 100.0000%

Fractional treatment

Per Vodafone Group Plc (New) ADS (old): 0.875 Vodafone Group Plc (New) ADS (new) 100.0000%
Cash paid for fractions. ADS holders receive $21.9991 (U.S.) per whole ADS. Each ADS equals 10 ordinary shares.

Company's Opinion on U.S. Taxability

Among other things, opinion does not address tax consequences to persons that own 10% or more of Vodafone voting stock. Opinion assumes deferred shares have no value and receipt of such shares has no tax consequences.

Distribution taxable as a dividend

Distribution of cash pursuant to single B share dividend (alternative 2) treated as receipt of foreign source ordinary dividend income to extent paid from current or accumulated earnings and profits (as determined for U.S. tax principles), with any excess treated as tax-free return of capital in reduction of basis, and thereafter as U.S. source capital gain.

Specifics regarding dividend treatment

Note: Vodafone expects that distribution will not exceed current and accumulated earnings and profits. Dividend should be qualified dividend subject to certain limitations. Holder should not be separately taxed upon receipt of B shares or their conversion to deferred shares.

Tax issues regarding foreign currency

Currency considerations: With respect to U.S. holders of ordinary shares, amount of dividend generally equals U.S. dollar value of pounds received calculated by reference to exchange rate in effect on date of B share dividend, regardless of whether pounds are converted into U.S. dollars. If not converted on date of receipt, basis in pounds equals such U.S. dollar value and any gain or loss realized on subsequent conversion or disposal treated as U.S. source ordinary income or loss.

Share consolidation is nontaxable, except as to cash for fractions. Basis and holding period carry forward.

Company's Opinion on U.K. Taxability

U.K. taxability

Issue of B shares and consolidation not treated as disposal or part disposal and should constitute capital reorganization. B shares and new ordinary should be treated a same asset, acquired at same time, as existing ordinary. Cash for fractions not treated as proceeds from disposal but the amount will be deducted from base cost on acquisition of existing ordinary.

Single B share dividend: Income tax: Company does not withhold tax at source when paying dividend. Individual that is liable to income tax at basic rate pays no tax on single B share dividend unless it takes income into higher rate tax band.

Chargeable gain: Dividend not treated as disposal. Proportion of base cost of original holding of existing ordinary attributed to B shares and this amount should continue to be attributed to B shares following conversion to deferred shares, thus only portion of base cost of existing ordinary available on disposal of new ordinary. Transfer of deferred shares may result in realization of capital loss.

Redemption of B shares: Holder may, depending on individual circumstances, be subject to capital gains tax on amount of chargeable gain realized. Gain measured by reference to excess of redemption price over holder's allowable expenditure for B shares redeemed. Allowable expenditure in relation to existing ordinary apportioned between new ordinary and B shares by reference to market value of new ordinary on first day of dealing.
Note: No part of proceeds received on redemption is income distribution in shareholder's hands.
Stamp duty and stamp duty reserve tax not payable on issue of B shares or new ordinary.

Company's Opinion on Irish Taxability

Irish taxability

Issue of B shares and consolidation not treated as disposal or part disposal and should constitute capital reorganization. B shares and new ordinary should be treated as same asset, acquired at same time, as existing ordinary. Cash for fractions treated as part disposal and liability to capital gains tax may arise.

Single B share dividend: Income tax: Treated as income receipt and holder taxed at marginal rate of income tax applicable in year of receipt. Irish residents not generally able to claim under U.K./Ireland double tax treaty for any repayment from U.K. in respect of dividend.

Chargeable gain: As long as dividend is treated as income receipt, it is not treated as giving rise to disposal or part disposal of B shares. Proportion of base cost of original holding of existing ordinary attributed to B shares and this amount should continue to be attributed to B shares following conversion to deferred shares, thus only portion of base cost of existing ordinary available on disposal of new ordinary. Transfer of deferred shares treated as disposal and may result in realization of capital loss, subject to applicability of Irish anti-avoidance legislation.

Redemption of B shares: Holder may, depending on individual circumstances, be subject to capital gains tax on amount of chargeable gain realized. Gain measured by reference to excess of redemption price over holder's allowable expenditure for B shares redeemed. Allowable expenditure in relation to existing ordinary apportioned between new ordinary and B shares by reference to market value on relevant date of disposal. Note: No part of proceeds received on redemption is income distribution in shareholder's hands.

Country & contact information

[Country: United Kingdom]
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CCH Commentary on International Transaction

Syngenta AG

Transaction Overview: This is a deceptively simple transaction that raises many difficult tax issues. The company did not provide a tax opinion, but CCH Commentary discusses these issues in detail.

Target company

Syngenta AG
[CUSIP: Syngenta AG registered share [SWX: SYNN], XXXXXX112; Syngenta AG put option [SWX: SYNPO], XXXXXX404]

Distribution of put options

2-22-06 Distribution by Syngenta AG [SWX: SYNN] of 1 put option [SWX: SYNPO] per registered share held. Record date 2-21-2006. Ex date 2-22-2006. No tax opinion provided. See below for CCH Commentary.

Exercise: Every 30 put options entitle holder to sell one Syngenta registered share to company at 234 francs (Switzerland) on 5-23-2006. Settlement date is 5-29-2006.

Trading information

Put options are tradeable on SWX between 2-23-2006 and 5-22-2006.

CCH Commentary on U.S. Taxability

Not legal or tax advice

Caution: The following is based on a limited review of information obtained and is not, and should not be relied upon as legal, tax or professional advice. Readers should make their own determination on taxability.

Critical assumptions

Commentary only addresses U.S. residents using U.S. dollar as their functional currency and makes certain assumptions, including: (1) shareholder does not own and has not owned (directly or indirectly) 10% or more of Syngenta stock (by voting power or value), (2) Syngenta is not and has not been a passive foreign investment company or a controlled foreign corporation and (3) Syngenta put options are governed by principles of Rev. Rul. 78-182. Although there is no specific authority, a put option does not appear to fall within the definition of a right to acquire stock for purposes of Sec. 305, or the exception from the definition of property under Sec. 317. If so, receipt of put options would be treated as a distribution under Sec. 301. Remainder of commentary assumes this is the case.

Probably taxed as a dividend

Receipt of put options would be taxable as ordinary dividend income, based on their fair market value on date of distribution, to the extent of company's current and accumulated earnings and profits. Any excess value would be treated as a return of capital in reduction of basis of shares on which put options were distributed (but not below zero) and then as capital gain. Basis of put options would equal fair market value in U.S. dollars on date of distribution. Holding period would begin on following day. Note: Any amount treated as dividend income would probably be considered from a foreign source. Net capital gain rates may apply to qualified dividends received from qualified foreign corporations between 2003 and 2008.

Downstream tax consequences

Sale or exchange of put options generally would result in recognition of capital gain or loss equal to difference between basis in put options and U.S. dollar value of cash received. Lapse of put options generally would result in capital loss equal to basis in put options.

Exercise of put options may be treated as a redemption of stock taxable as capital gain or loss or as a dividend, subject to the tests of Sec. 302. For example, if overall structure of transaction is essentially equivalent to a dividend, then cash received may be taxed as ordinary dividend income to the extent of the company's current and accumulated earnings and profits. Effect on basis of put options exercised is unclear. Alternatively, if redemption of stock is treated as a sale or exchange (rather than as a dividend), basis of put options exercised would generally reduce amount realized for purposes of computing gain or loss recognized.

Tax issues regarding foreign currency

Currency considerations: Any gain or loss from currency exchange fluctuations between date holder is entitled to cash in local currency and date such payment is converted to U.S. dollars (if any) is generally ordinary income or loss.

Fair market value

For information purposes: Fair market value of 1 put option on 2-23-2006, first day of trading, based on SWX high/low (1.58/1.45): 1.515 francs (Switzerland) which equals approximately $1.16 (U.S.) (based on exchange rate of 1 : 0.76351).

CCH Tax Caution: Special tax rules may apply and alter the tax treatment described above if a put option is treated as part of a straddle under Sec. 1092. Acquisition of a put option to sell stock at a fixed price may also be treated as a short sale under Sec. 1233, resulting in the application of special holding period rules that may affect character of gain or loss recognized.

Target company's country of domicile

[Country: Switzerland]
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CCH Basis Allocation versus Company Basis Allocation

Forest Oil Corp.

Transaction Overview: Companies do not always provide a basis allocation, and when they do, they sometimes fail to follow their own advice. CCH Capital Changes always follows the Internal Revenue Code.

Target company

Forest Oil Corp.
[CUSIP: FOREST OIL CORP, XXX091]

Distribution and merger

3/2/2006 Distribution of Forest Energy Resources, Inc. common to holders of Forest Oil Corp. [NYSE: FST] common, and merger of Forest Energy Resources into Mariner Energy, Inc. Record date 2-21-2006. Ex-date 3-3-2006. See below for taxability.

Explanation of transaction

Note: Transaction consists of following events, occurring simultaneously: Forest Oil distributed Forest Energy common to its shareholders and Forest Energy merged into Mariner Energy, Inc. Following transaction, shareholders hold both Forest Oil common and Mariner Energy common.

What shareholders receive

Distribution: Per share Forest Oil Corp. common: 0.8093 share Forest Energy Resources, Inc. common.

Merger: Per share Forest Energy Resources, Inc. common: 1 share Mariner Energy, Inc. common
Note: Forest Energy common issued in book-entry form only. No physical shares issued.
Cash paid for fractions.

CCH Basis Allocation follows company's tax opinion

CCH Basis Allocation (date of distribution)

1 share Forest Oil Corp. common	66.4574%
0.8093 share Mariner Energy, Inc. common	33.5426%

CCH basis allocation based on 3-2-2006 average high/low prices for Forest Oil common trading regular-way (50.64/49.61) $50.125 and Mariner Energy common trading when-issued (21.40/20.15) $20.775 (assuming value 1 share Mariner Energy common represents value 1 share Forest Energy Resources common). Mariner Energy common listed when-issued [NYSE: ME WI] 2-21-2006 and common began trading [NYSE: ME] beginning 3-3-2006. Basis allocation: Forest Oil Corp. 66.4574%; Mariner Energy, Inc. 33.5426%.

Company's basis allocation does not follow its own tax opinion

Company's Basis Allocation

1 share Forest Oil Corp. common	63.0100%
0.8093 share Mariner Energy, Inc. common	36.9900%

Company's basis allocation based on average of high/low prices for Forest Oil common (36.05/33.89) $34.97 and Mariner Energy common (21/20.05) $20.53 (rounded) on 3-3-2006, first full trading day following distribution. (Company believes value of 1 share Mariner Energy common provides an appropriate measure of value of 1 share Forest Energy Resources common.) Basis allocation: Forest Oil Corp. 63.01%; Mariner Energy, Inc. 36.99%

Counsel's Opinion on Taxability

Note: Distribution generally expected to qualify as tax-free under Secs. 355 and 368; merger intended to qualify as Sec. 368(a) reorganization. No IRS ruling requested.

Company's tax opinion requires distribution date market values

Distribution:
Receipt of Forest Energy common results in no gain or loss recognized. Aggregate basis of Forest Energy common immediately after distribution equals aggregate basis of Forest Oil common immediately prior to distribution, allocated between Forest Oil and Forest Energy common in proportion to relative fair market values on date of distribution. Holding period of Forest Energy common includes holding period of Forest Oil common.

Merger: Exchange of Forest Energy common for Mariner Energy common results in no gain or loss recognized. Basis and holding period carry over.

Cash paid for fractions results in recognition of capital gain or loss, computed by comparing cash received with basis. Non-U.S. holders that receive fractional share proceeds may be subject to withholding tax in certain circumstances.

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CCH Commentary on U.S. Transaction

Three-Five Systems Inc.

Transaction Overview: Company did not provide any information on tax consequences of this bankruptcy plan. CCH Commentary provides guidance to shareholders regarding tax rules applicable to liquidating distributions.

Target company

Three-Five Systems Inc.
[CUSIP: THREE-FIVE SYS INC, XXX54L]

Bankruptcy plan effective

9/11/2006 Effective: Three-Five Systems Inc. [OTC: TFSIQ] Amended Joint Plan of Reorganization under Chapter 11 of Federal Bankruptcy Code (U.S. Bankruptcy Court, District of Arizona). On effective date, shareholders retain their interests, and company begins liquidation and winding up of operations. No tax information provided by company. See below for CCH Commentary.

Details of plan

Plan provides that, following liquidation of assets and satisfaction of liabilities and claims senior to equity interests, company will make one or more cash liquidating distributions to holders of Three-Five common. Estimated total recovery per share: approximately $0.318.

CCH Commentary

Not legal or tax advice

Caution: The following is based on a limited review of information obtained and is not, and should not be relied upon as legal, tax or professional advice. Readers should make their own determination on taxability.

General tax consequences applicable to liquidations

Receipt of cash by a shareholder in complete liquidation of a corporation is generally treated as full payment in exchange for stock and generally results in recognition of capital gain or loss, calculated by comparing cash received with basis in shares surrendered. Gain or loss determined separately for each block of shares.

Rules applicable to multiple liquidating distributions: Allocate each liquidating distribution proportionately to each share of common held. Gain or loss computed on per-share basis. Liquidating distributions applied first in reduction of basis. Gain recognized when aggregate value of distributions exceed holder's basis for shares. Loss generally recognized only when final distribution from company has been received and then only if aggregate value of distributions is less than basis.

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