



## Case Study: 1031 Exchange Program Generates Massive Cash Flow and Asset Management Benefit for Energy Industry Giant IconX

IconX Energy\* is one of the world's largest energy companies, providing customers around the globe with fuel for their automobiles, electricity for their homes and a wide range of petrochemical products for every phase of their lives. As with any large enterprise, IconX is constantly buying and selling large quantities of assets, and in the process, dealing with the complex tax implications of these activities.

### The Problem

IconX had historically employed 1031 like-kind exchanges (LKEs) for real estate and leasehold transactions, but several years ago company executives learned that LKEs could also be used for non-real estate assets – vehicles, production/drilling equipment, even certain types of intangible assets (like mineral rights).

Suspecting that 1031 exchanges might support productive tax and cash flow strategies, the firm contacted Accruit, which it knew had strong roots in the Oil & Gas industry.

### The Accruit Solution

Accruit's Sales and Client Service groups immediately realized that IconX was, indeed, an ideal candidate for a robust corporate asset exchange program. *The company was moving hundreds of millions of dollars worth of assets and leaving the deferral benefits to which they were legally entitled on the table.* In addition to a significant number of real estate exchanges, IconX – like most O&G businesses in its sector – was buying and selling massive numbers of tangible and intangible assets each year.

Accruit worked with IconX's tax, procurement and investment recovery groups to implement an ongoing Master Exchange program that would allow the company to keep its cash at work in the business.

### The Results

Since launching, IconX has funneled more than \$650 million worth of sales through its Accruit LKE program. The relinquished assets have run the gamut of Oil & Gas industry asset types (see list below).

The average combined tax rates on these sales has been roughly 40%, meaning that **Accruit has provided IconX with the opportunity to generate a tax benefit of roughly \$260 million.** That's better than a quarter of a billion dollars in operating cash flow.

IconX has also derived tremendous asset management value from the Accruit Exchange Manager™ platform. Asset-level tracking capabilities allow IconX to keep tabs on a huge asset portfolio; audit-ready reporting supports a comprehensive range of internal and external financial requirements; and the combination of advanced, automated technology and one-to-one client service has allowed them to dramatically reduce risk and administrative burden across the entire program. **These results testify to the IconX program's substantial value-added benefits** – even in cases where the client doesn't replace relinquished assets, the Accruit platform (constructed on the only patented 1031 exchange process in the industry) still represents a powerful tool for managing the overall asset portfolio.

*\* Based on actual Accruit client*

### Assets in IconX LKE Program

- Large and small real estate holdings
- Leaseholds
- Mineral rights
- Tubing, piping and casing
- Scrap metal
- Vehicles (trucks, trailers and SUVs)
- Cranes
- Valves
- Pumping units
- Separators
- Compressors and skids
- Tanks
- Sucker rods
- Coalescers
- Catalytic heaters
- Obsolete wellhead materials
- Reboilers
- Shipping containers
- Articulating bridges
- Fencing
- Generators
- Buildings / living quarter materials
- Cantilever beams
- Transformers
- Tools
- Flowlines
- Satellite VSAT systems
- Centrifuges
- ...and other assorted equipment



**Accruitt**